

Defense Chiefs Should Review ABM Treaty Limits, Soviet Says

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Soviet Union, in a new attempt to reach agreement on the Reagan administration's Strategic Defense Initiative, has proposed that the superpowers' top military officials confer on the meaning of the 1972 anti-ballistic missile treaty.

The proposal, made during Secretary of State George P. Shultz's visit to Moscow April 13-15, calls for Defense Secretary Caspar W. Weinberger and his deputy, William

H. Taft Jr., to meet with their Soviet counterparts this fall or early next year.

Soviet officials suggested to Mr. Shultz that the two sides would develop a list of "objects" that could be launched into space under the treaty.

U.S. officials have interpreted this as an additional sign that the Soviet Union is willing to allow limited missile defense experiments in space.

Paul H. Nitze, the senior arms control adviser to Mr. Shultz, said Saturday that "the administration agreed to take the Soviet offer under consideration, but there has been no decision on it yet."

Current negotiations on strategic arms are deadlocked because of Soviet concerns about experiments in space under the SDI missile defense research program.

The Soviet Union has generally sought "tight restrictions" on SDI space tests, citing an ABM treaty provision that bars either side from providing the "base" for a defense of its territory against ballistic missile attack. At the same time, the Soviet Union has said that some of the provisions in the ABM treaty governing experimental work need further review.

But the Reagan administration has said that the provisions are clear-cut and that realistic tests of SDI technologies in space are permitted under a "broad" interpretation of the ABM Treaty.

The interpretation, devised in 1985 by Defense and State Department attorneys, aroused controversy on Capitol Hill and among U.S. allies. It has not yet been used in experiments for the SDI program, although President Ronald Reagan is considering a proposal by Mr. Weinberger to do so.

Mr. Shultz, who has opposed a formal shift to the broad treaty interpretation, has recommended

that both sides agree to discuss the issue of treaty ambiguities and SDI testing at an ABM treaty review conference, to be held after Oct. 1.

The treaty provides for such conferences to be held every five years. Two previous conferences, in 1977 and 1982, were chaired by mid-level diplomatic officials and did not result in significant policy developments.

Mr. Shultz's suggestion that SDI tests be raised at the next conference was turned down by Mr. Reagan at the request of the Pentagon before Mr. Shultz's Moscow visit.

The Pentagon argued that such discussion would "lead to constraints on SDI research even beyond those covered by the ABM treaty's broad interpretation."

Several officials said that the new Soviet offer is aimed at forcing the administration to reconsider Mr. Shultz's idea, adding that the discussions at the conference would be held between senior military officials, rather than diplomatic officials of lesser rank.

Apparently, the Soviets see this as the price of gaining the Pentagon's approval, an administration official said.

In addition, the Soviet Union added a formal proposal to discuss limitations on objects allowed "to be sent into space," an official said. Although the idea has been suggested informally by Soviet scientists, it has not been discussed in depth by U.S. officials.

One approach would apparently be to develop special monitors for inspection of U.S. and Soviet satellites on the launch pad.

Such devices would ascertain what the general capabilities of the satellites were — perhaps by gauging the size of their power sources — and thus determine whether they complied with ABM treaty limits on militarily useful equipment.



Protesters joining hands Sunday to form a human chain outside a nuclear plant being built at Wackersdorf, West Germany.

Dietrich Eichhorn/Associated Press

A Year Later: Lessons From Chernobyl

By Malcolm W. Browne
New York Times Service

NEW YORK — In the year since the Chernobyl disaster, nuclear power has undergone its most critical appraisal since the invention of the reactor in 1942. But despite the global anxiety created by the Soviet accident, experts say that it has not caused major technical changes in the nuclear power industry of the West.

However, industry supporters and critics agree that the accident, on April 26, 1986, forced new attention to the human factor in nuclear safety.

In the view of Western scientists, inadequate technical design gave the Chernobyl accident a year ago its particular shape but faulty human decisions — stressed in Soviet accounts — actually caused it.

Spokesmen for the U.S. Nuclear Regulatory Commission and the industry said in interviews that the technical lessons of the accident applied almost exclusively to the Soviet Union. A Chernobyl-type accident in the United States is precluded by differences in design, they say, including the requirement that commercial reactors have containment domes.

Nevertheless, the Chernobyl experience has prompted renewed scrutiny of the adequacy of containment shells, which are intended to prevent the emission of radioactive materials in case of an accident. The Chernobyl reactor lacked such a shell.

Groups opposing nuclear power contend that the industry in the United States is resistant to costly changes. Some critics say that Chernobyl is an indictment of nuclear power in general and that it should be phased out altogether.

The Chernobyl explosion and fire, which began as a result of a series of human errors, has taken 31 lives by Soviet accounts.

An untold number of people in the Soviet Union and in the rest of Europe were exposed to elevated cancer risks from fallout, and 135,000 residents of the Chernobyl area of the Ukraine were evacuated from their homes.

Anti-nuclear groups in the Scandinavian nations, West Germany and other countries appear to have gained political strength, slowing the expansion of nuclear power at least temporarily. In the United States, fears inspired by Chernobyl have been cited as factors in the continuing deadlock over opening reactors in New Hampshire and New York.

But despite the mounting efforts of opponents, the nuclear power industry has had a productive year. Although no new reactors have been ordered since 1978, previously ordered units have been coming on line and the Nuclear Regulatory Commission licensed them in 1986 at a rate of one every seven weeks, bringing the total to 107.

Last year, an industry spokesman said, nuclear reactors in the United States provided 16.5 percent of the electricity generated, and nuclear power production reached 414 billion kilowatt-hours, up 7.9 percent from 1985.

Although the United States, with one-fourth of the world's nuclear-generated electricity, accounts by far for the largest world share, other countries derive a greater part of their national electricity output from reactors. In France, it is 70 percent and in Japan, 25 percent.

One American expert who has examined the implications of Chernobyl is Harold R. Denton, an official with the Nuclear Regulatory Commission.

Mr. Denton, who this month moved to a new job coordinating governmental and public affairs programs for the commission, visited the Chernobyl plant last month with a group from the National Institutes of Health and the Department of Energy.

"There is no direct nexus that can be drawn between their reactors and ours at a technical level," he said. "I would say that it is correct that a Chernobyl-type accident.

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Credibility Problem In Markets

U.S., Allies Admit They Must Back Words With Acts

Compiled by Our Staff From Dispatches

KASHIKOJIMA, Japan — Four trade ministers ended a weekend meeting by conceding that their governments were losing credibility in world financial markets and would not regain it until they backed their promises on trade and currencies with action.

"Until today we have announced

South Korea will buy \$2.62 billion of U.S. goods. Page 9.

policies, but when it came to action that satisfied nobody," said Hajime Tamura, Japan's trade minister, after ending talks here with his counterparts from the United States, Canada and the 12-nation European Community.

"From now on, if a government comes up with a certain policy, it must be followed by action," Mr. Tamura said Sunday at a news conference, where he read a joint statement from the four countries.

Mr. Tamura's remarks were made just as the U.S. Congress is to begin debate on a sweeping trade bill aimed at reducing the nation's global trade deficit, which amounted to \$170 billion in 1986.

An amendment to the bill sponsored by Representative Richard A. Gephardt, Democrat of Missouri, would require the president to impose import restrictions on countries with lopsided trade balances.

The four ministers at the talks represented nations accounting for 60 percent of the world's trade. Reading from an official summary, Mr. Tamura said that the United States, the EC, Canada and Japan had agreed that:

• Currency stability is essential, but currency movements alone will not correct Japan's trade deficit with the United States, which reached \$58 billion last year, nor with the EC, which totaled \$18 billion. Last week, the dollar plunged below 140 yen for the first time since World War II despite an agreement by the Group of Seven

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1988 Race: Tears and Passion

U.S. Presidential Candidates Compete to Display a 'Soul'

By Maureen Dowd
New York Times Service

WASHINGTON — The presidential contenders all have image problems.

Bob Dole is seen by some as too mean. Gary Hart is too cold. Vice President George Bush is criticized as a shallow aristocrat and Michael S. Dukakis as a reserved technocrat.

Second, they said that the proposed pact should be widened to provide for elimination of all the world's intermediate-range missiles, including those in Asia.

The agreement now being negotiated would permit the Soviet Union to retain 100 medium-range nuclear warheads, with ranges of 1,000 to 3,000 miles (1,600 to 4,850 kilometers) to be deployed in Asia. They would be balanced by 100 medium-range warheads placed in the United States instead of Europe, where such U.S. weapons are now positioned.

Implying that they would favor signing an agreement if their condi-

of which man had the more masculine leadership style, this time Mr. Garin suggests that a central underwent in the race will be "mechanical versus warm, technocrat versus soul."

"It struck me that in 1972, Ed Muskie shed a tear and it cost him the nomination," said Robert

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ISRAELS REMEMBER THE HOLOCAUST — Motorists stopped their cars early Sunday morning on a street in Jerusalem to commemorate Holocaust Memorial Day. The two minutes of silence, announced by sirens, was observed throughout Israel.

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Economics of a Pint Killing Ireland's Pubs

By Francis X. Clines
New York Times Service

DROMOD, Ireland — By closing time, with the stars shining coldly above the dark road to Sligo, Jack McNally was lingering over a cup of coffee at one end of the bar in his warm, inviting pub. Down at the other end, his wife, Millie, was drawing the final pint of stout for the one regular customer in the place, a quiet man named T.P. Fughinan.

It was the overgentle sort of night that Mr. McNally and the rest of Ireland's 9,000 pub owners are worried about, an occasion of dawning thirst in the nation's public houses.

Under the burden of some of the highest bar drinkers' taxes in Europe, consumption of beer and spirits has fallen a total of 14 percent in Ireland since 1979 and more than half of the nation's pubs did not make a profit last year, according to the Vintners Federation of Ireland.

It was the overgentle sort of night that Mr. McNally and the rest of Ireland's 9,000 pub owners are worried about, an occasion of dawning thirst in the nation's public houses.

A few regulars trickle through, but their pockets are tired," he said, describing the state of his business. It carries loans from the last boom time, more than a decade ago, when he rebuilt the pub as a handsome family gathering place.

"I have never seen things so bad. A few regulars trickle through, but their pockets are tired."

— Jack McNally,
County Leitrim pub owner

er, the republic's newly elected government cracked down, announcing tight limitations on cross-border purchasing, in hopes of propping up local commerce.

If hard times ever mean hard drinking, current statistics, rooted in the deep national recession, do not bear out the stereotype. On the latest list of alcohol-consuming nations compiled by the European Community, Ireland is 18th, on a per capita basis, and slipping. It

is well behind the leaders, Luxembourg and France, and two spots behind the United States.

"The old notion of the heavy Irish drinker does not stand up to scrutiny," said Tad O'Sullivan, chief executive of the Vintners Federation in Dublin. He is busy tracking what he describes as a near frantic turnover in pub ownership.

"I don't know if the Irish deserve a bad name for drink," said Mr. McNally, sipping coffee. "I have a feeling they can be exceedingly fond of it, but maybe it's just that some don't know how to drink."

The Irish drinker is hardly in a position to mount a two-fisted challenge to settle such questions, since the price of drinks has been rising along with taxation and unemployment, even as income is slipping, particularly in a rural economy such as Dromod's.

At midnight, in the quiet of the pub, Mr. McNally pointed out the economics of T.P. Fughinan's nightcap pint of Guinness stout. He paid the equivalent of \$2. Of that, the government gets \$1.24 in excise and value-added taxes, Mr. McNally said. After paying the distributor, the publican will keep 55 cents, of which 25 percent will be net profit.

This is less than half the margin needed for a successful bar in the United States and Britain, he said, and too little on which to survive. Only

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and said that if it were successful, further steps toward negotiations in the four-year ethnic conflict might be possible.

Then, in quick succession, gunmen stopped five trucks and buses on an isolated stretch of highway in central Sri Lanka and killed 126 people; other attacks on army bases left scores of soldiers dead.

More than 5,000 people have been killed in the war that pits Tamil guerrillas seeking a separate homeland against the Sinhalese army and police forces of the government.

The violence broke out in 1983 when Tamil guerrillas killed 13 soldiers in the north. Hundreds of Tamils were killed in subsequent rioting in Colombo. Many of those killed were civilians who were caught up in the violence or were targets of terror campaigns by one side or the other.

Sri Lanka would not seem to be a place where such violence would occur. Its literacy rate is among the highest in the developing world, and its economy had been showing signs of solid growth.

In exchange for continuing the relationship with Egypt, Mr. Arafat agreed to drop all attempts to negotiate a future peace settlement under a Jordanian umbrella.

As the 18th meeting of the council came to a close amid prolonged applause, Mr. Arafat and two of his leading rivals, Naseer Hawatreh and Georges Habash, appeared hand-in-hand and smiling for the first time since they split four years ago.

The bitter dissension between hard-liners and Arafat-led moderates that was aired during the five-day session suggested, however, that the PLO's newfound unity was fragile.

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■ U.S. military personnel aided a contra resupply operation, investigators report. Page 5.

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■ United rejected a \$4.5 billion buyout by its pilots. Page 9.

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| Austria | 27.5 | Iceland | 1,230 Lire | 1,650 Ind. |
| Bahrain | 0.750 Dz. | Iraq | 1,000 Lire | 1,650 Ind. |
| Bulgaria | 20.45 | Jordan | 450 Frs. | 1,650 Ind. |
| Canada | C\$ 1.95 | Kuwait | 500 Lira | 1,650 Ind. |
| Cyprus | CY 0.00 | Lebanon | 1,000 Lira | 1,650 Ind. |
| Denmark | 16.00 | Libya | | |

In Seoul, a 'Political Vacuum'

Koreans Wary About New Party, Old Rivalries and Chun

By Patrick Smith

International Herald Tribune

SEOUL — South Korea's fractured opposition inaugurates a new political party this week, in the face of a dramatic loss of popular sympathy and an increasing sense of disillusionment among members and supporters, according to political analysts and opposition sources.

The breakdown of the New Korea Democratic Party earlier this month, and the confrontational strategy expected of the emerging Party for Reunification and Democracy, have obliterated any middle ground for those opposed to President Chun Doo Hwan, these observers said.

The new party is to be led by Kim Dae Jung and Kim Young Sam, the nation's most prominent dissidents. Its inaugural convention is scheduled for Friday.

At the same time, Mr. Chun's decision to suspend constitutional changes at least until late next year has further distanced him from an already alienated public, many independent observers said.

Four days after a long-simmering feud in the opposition developed into a full-blown split, Mr. Chun announced that talks on constitutional amendments would be deferred until after the Olympic Games are held in Seoul in September 1988. Thus the successor to Mr. Chun, whose term in office expires in February, is to be chosen according to current constitutional rules.

Even among his supporters, the president is seen to have acted less in the interest of national stability, as he has contended, than for the political benefit of the ruling Democratic Justice Party.

As a result of these developments, the nation has entered a kind of "political vacuum," as one commentator put it, in which the future appears more precarious than at any time since the New Korea Democrats began challenging Mr. Chun two years ago.

Among many South Koreans there is mounting concern that the polarization of the political scene has increased chances of military intervention in the remaining months of Mr. Chun's term.

"We're now moving into a very unstable period," said Kim Jin Hyun, editorial director of *Dong-A Ilbo*, a mass-circulation daily newspaper. "If this situation is seriously mismanaged, we can't rule out a move by the military."

Within the regrouped opposition and among many middle-class Koreans, both Kim Dae Jung and Kim Young Sam are widely blamed for precipitating the collapse of the New Korea Democrats, who were attempting to negotiate constitutional amendments that would provide for a directly elected president.

The party leaders were reported to have objected to compromise proposals advanced by opposition members of the National Assembly that would have incorporated the ruling party's formula for a parliamentary system headed by an indirectly elected president.

Those who advanced these proposals are now accused of having accepted bribes from the government in exchange for their cooperation.

There is a growing belief all along the political spectrum that in relying on traditional loyalties for their backing, "the two Kims" depart little from the "personal politics" long practiced by a succession of Korean leaders.

Reflecting this, rivalries between the two factions that date from the late 1950s are re-emerging, party sources said.

The new Party for Reunification and Democracy plans to draw most of its support from grassroots labor, religious and student groups, many of which had objected to constitutional talks between the New Korea Democrats and the ruling members and supporters, according to political analysts and opposition sources.

Even opposition leaders acknowledge, however, that their success in regaining the confidence of the nation's large middle class depends less on their political posture

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than on miscalculations that Mr. Chun's supporters may make.

The Party for Reunification and Democracy hopes to control about 65 of the 90 assembly seats formerly held by New Korea Democrats.

For the moment, party officials said, its platform consists solely of a demand that constitutional talks be reopened.

"They're looking for a scandal, another mishap in the ruling clique," a Western diplomat said. "Left to its own, the opposition won't have very much to offer at this point."

Since the split in the opposition, Mr. Chun has sought to regain the

political momentum he lost in January with the death by torture of a detained student. That setback followed several months of advances against the opposition.

Among other things, the government has hinted that it will cautiously liberalize election laws, ease press restrictions and start a long-promised program to increase the autonomy of local, county and provincial administrations.

These measures are among those the governing party previously insisted were essential to the success of its plan for a parliamentary system. Accordingly, Mr. Chun's apparent intention to limit the measures is seen widely as confirmation that he may never have meant to accept changes to the constitution.

Skepticism with regard to the president's political conduct has also been heightened by the government's continuing effort to thwart the Party for Reunification and Democracy's development by bringing criminal charges against many of its members.

Opposition leaders also say the government is supporting groups of youths that have attacked 19 local party chapters in the past two weeks.

It now appears likely that Mr. Chun's party will designate as his successor Roh Tae Woo, the party chairman and a close associate of the president, at the party's convention June 10.

Far from stabilizing the political environment, this is likely to be seen as little more than a "changing of the guard among military bureaucrats," one foreign analyst said.

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Malaysia Leader Considers Cabinet Purge

By Michael Richardson

International Herald Tribune

KUALA LUMPUR, Malaysia

— Prime Minister Mahathir bin Mohamad, shaken by a nearly successful challenge to his party leadership, is considering whether to remove his rivals from their government posts or offer reconciliation, analysts said Sunday.

He would probably argue that retention of leading dissidents in positions of influence might enable them to undermine his policies and mount another attack due in 1991, the analysts added.

In addition, a purge would reduce the number of experienced Malay politicians in the multiracial

government, which also includes Chinese, Indians and representatives of other ethnic groups.

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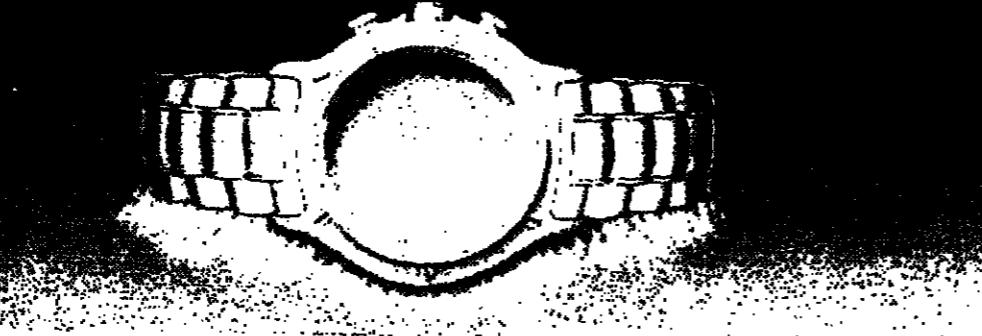


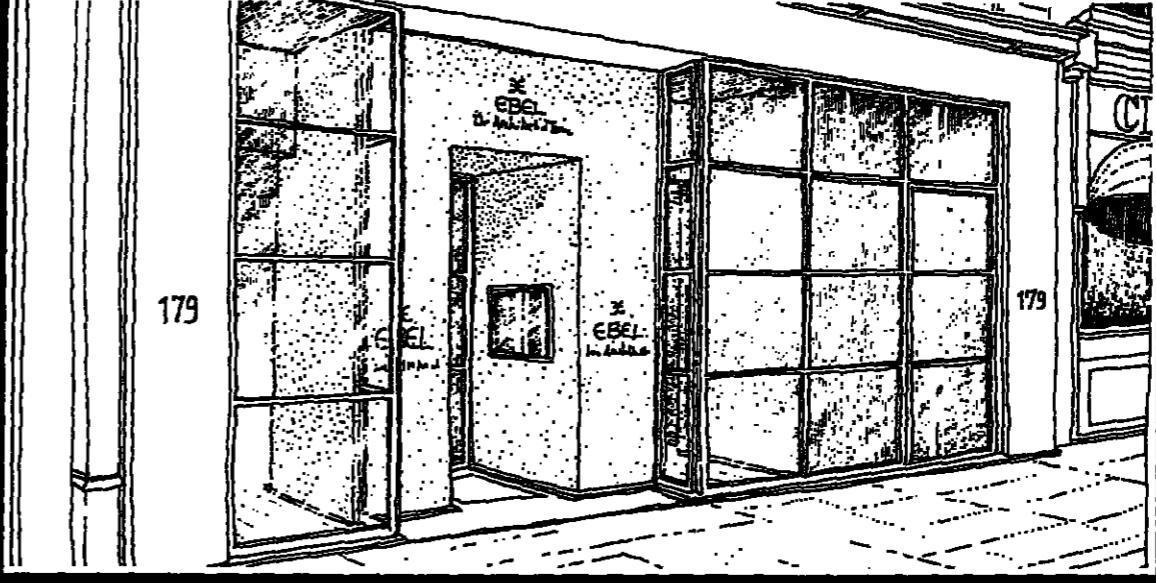
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One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.



EBEL
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Of the **international** vocation and on its anniversaries...

For its quality and presence throughout the world, for the plurality of its viewpoints as well as the accuracy with which it captures and conveys current events with the speed and objectivity of true professionalism, the Herald Tribune is the standard of international vocation.

Ebel congratulates the Herald Tribune on its 100th anniversary.

The (Architects of Time) built an international reputation through a close association to the world of sports. Whether on the tennis courts of the Davis Cup or the golf courses of the Crans European Masters, Ebel is involved with prestigious international events as well as the finest athletes in their respective sports, such as Stephan Edberg, Boris Becker, Yannick Noah, Greg Norman, Bernhard Langer and Sandy Lyle. The Leonard Bernstein concerts organized in 1986 in commemoration of Ebel's 75th anniversary were extremely successful and brought Ebel closer to the cultural world. In 1987, Ebel will give particular meaning to the slogan (The Architects of Time) and celebrates the 100th anniversary of the birth of yet another international vocation, that of the architect Charles-Edouard Jeanneret, better known as (Le Corbusier). Ebel will open its Public Relations Center at Villa Turque, one of Le Corbusier's

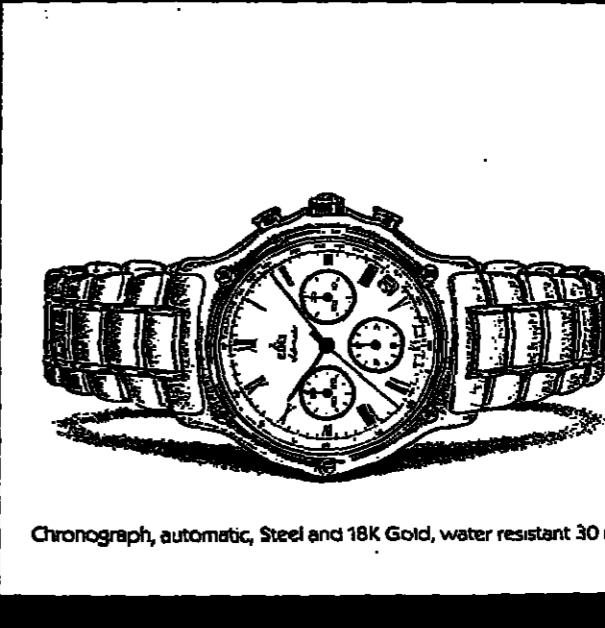


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international
vocation.

original designs, located in the city of his birth, La Chaux-de-Fonds, Switzerland.

Architecture will again play a major part in Ebel's plans with the opening of two boutiques, 2 Place Vendôme, Paris and 179 New Bond Street, in London. These boutiques will feature a full complement of each of the Ebel collections, the (Sports Line), (Beluga) as well as the newest variation, (1911). Exclusive to the Ebel boutiques will be François Héral's latest jewelry collections.



Chronograph, automatic, Steel and 18K Gold, water resistant 30 m.

OPINION

INTERNATIONAL HERALD TRIBUNE

India and Sri Lanka

Just what is a government entitled to do when guerrillas blow off a bomb in the central bus station at rush hour and kill a hundred innocent citizens? Sri Lanka's enraged army, made up mostly of majority Sinhalese, has reacted to this act of terrorism in Colombo by launching bomb raids at the camps of the Tamil-minority guerrilla suspects. Everyone now knows what happens when jets screech in firing at targets in populated areas: Citizens get hit, too. Even before the recent exchange, the four-year civilian toll was being put at 4,000. Now it is higher, and the passions generated by this particular sequence are still running.

Sri Lanka is not a totalitarian state or a bastion of injustice. It is a former British colony in which the majority long sat on the minority, but it is a democracy and has been trying to relieve its ethnic problem. The government is not particularly clever, but, admittedly under pressure, it has been trying to be fair. It has gone very far to offer the minority Tamils a generous political settlement. However, as happens in these matters, the violence increasingly plays into

the hands of the minority within the minority that wants not a reasonable compromise but an official capitulation. The focus must return to the requirement for a negotiation, as hard as the current episode will be for both sides to put aside.

A key role falls to India, on the other side of a quickly crossed strait. Its 55 million Tamils provide an essential core of support for the guerrillas among the 3 million Sri Lankan Tamils. The Sri Lankan government, feeling overwhelmed by the Indian colossus, is quick to blame Delhi for not cracking down on guerrilla sanctuaries. Indians tend to feel that Sri Lanka is trying to export responsibility.

It seems, nonetheless, that while India has an interest in stability on its borders and in discouraging any example of ethnic separation, the Indian government has an interest of convenience in accommodating the ethnic sympathies of India's Tamils. So guerrillas are trained on Indian territory and boats speed across the strait, and Sri Lanka is in agony.

— THE WASHINGTON POST.

Worries About Indonesia

President Suharto called it a "festival of democracy," but his landslide victory in Indonesia last week was about as spontaneous as a regimental parade. All competing parties favor his re-election to a fifth term; all are financed by his regime; all endorse his nebulous "Panca Sasi democracy" meant to bind together a huge, sprawling nation of more than 175 million people. Americans are right to wonder if Indonesian-style democracy is as stable as President Suharto complacently insists. If so, why does he keep stalling the political development of the world's fifth most populous nation?

In truth, nobody knows what is stirring below, although hints of potential trouble abound. President Suharto is a 65-year-old general who behaves as if no provision for succession were needed. He came to power in a 1966 coup that the military claimed was essential to block a Communist takeover. That bloody and dangerous year witnessed the massacre of 500,000 people, mostly ethnic Chinese. Since then the only elections have been to a National Assembly that has never initiated any legislation. Next spring the members just elected will join an additional 100 named by the military to form a super-assembly that will almost surely elect General Suharto to his fifth five-year term.

True, the regime is not gratuitously brutal and has been spared serious insurgencies on its 13,500 islands. Yet it is also true that

Jakarta reeks of corruption, nepotism and repression. The economy has stagnated as oil prices have sagged. Yet President Suharto resists stimulating investment through free trade, simplified taxes and the scrapping of state monopolies. Instead, capital is lavished on inefficient, protected steel mills. Censorship stifles needed self-criticism; a Jakarta newspaper was closed down for reporting on the Suharto family's interests in state-run monopolies.

There is restlessness among younger Indonesians, who care little about what happened in 1966. Many have turned to the Indonesian Democratic Party, which is allowed to contest elections if not General Suharto's rule. Even so, the party scored heavily and could be a challenger to the entrenched Golkar party. A wise regime would surely relax censorship and allow more elbow room for new parties. These remain the best means of allowing for political evolution, rather than revolution.

For the most part Washington has indulged Jakarta, selling it arms and shrugging off its illegal seizure of the former Portuguese colony of East Timor. U.S. support, although sometimes questionable, has earned a friend's right to remind President Suharto that the surest recipe for violent change is to make peaceful change impossible. Indonesia is too big for Lilliputian politics.

— THE NEW YORK TIMES.

Banks Helped Argentina

As Argentina recovers its balance after military rebellions, democrats in the Northern Hemisphere ask how they can help. In fact, they have already helped — through the unexpected medium of the banks.

Two days before the brief rebellions began, the banks settled with the Argentine government on a sweeping refinancing of its enormous foreign debt. The debt negotiations had become a major political issue, going far beyond money to matters of national status and pride. Mexico had struck a favorable deal with the banks, and Argentina wanted the same terms. The banks resisted, and for some time the talks were deadlocked. But they began to move again recently and came to a conclusion on terms that President Raúl Alfonsín could describe as fair to Argentina. He had that triumph in hand — highly visible evidence of international support for democratic Argentina — when he went out to deal with the rebellious colonels.

The banks deserve credit for swinging to more enlightened and responsive negotiating tactics than they were using a couple of months ago. At that point, having built up their reserves against the threat of defaults, they were taking a harshly rigid position that produced a standstill in the refinancing talks

— THE WASHINGTON POST.

South Korea Askew

The Hyundai shows what is wrong with South Korea's backsliding on democracy. The car is a hot number, which last year set an American record for first-year import sales. Only a well developed and sophisticated country could produce and market it. In economic and social terms, South Korea is at the Hyundai level, having studied the Japanese example and used its American connection to advantage. Politically, however, it lags. The attempt to encumber a vibrant, well educated, industrially capable, middle-class society with rigid old-fashioned military rule is bound to seem increasingly untenable to Koreans and their foreign friends.

President Chun Doo Hwan in effect acknowledges that there is a hunger for democratization. That is why, to soften the blow of his suspension of key talks on constitutional reform, he pledged to "broaden the foundation for democratic development" by moving to make appointed local officials start running for election. But this is a pale performance. South Korea does not need a substitute for real political progress. It needs real political progress. At the least, it needs at once the steps demanded by Kim Young Sam: release of all 2,000 political

detainees and restoration of civil rights. President Chun makes much of his commitment to step down when his term expires next February. A peaceful succession would be a worthy South Korean first. But he seems determined to diminish its luster by making it a transfer to a protégé under the terms of a constitution that has long since lost popular credibility — the one the suspended talks were meant to revise. He is in a position to exploit the opposition's own considerable failings and also the people's apprehension about the dangerous and unpredictable regime in North Korea. But he and the rest of the generals cannot evade indefinitely the demands for political modernization. Nor will it do to leave constitutional revision, as his party now suggests, to "consensus" — a euphemism for avoiding negotiation.

Not just radicalized students and what Mr. Chun deprecates as opposition "hard-liners" ask for democracy. The demand comes from a broad range of citizens who know that when Cardinal Kim, who is no radical, calls "despotic rule" no longer serves a country which needs a political system that does justice to its maturity and growth.

— THE WASHINGTON POST.

INTERNATIONAL HERALD TRIBUNE

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Population: Don't Be Frightened by the Numbers

By Jonathan Power

NEW YORK — Here we go again. The UN Fund for Population Activities is poised to release a report warning us that by the middle of this year a baby will be born that will take the world's population past the five billion mark. The world's population is growing by 220,000 people a day. Just how alarmed should we be?

The UNFPA has a good record of making contraception available to those who want or need it, but with pronouncements of this sort it veers toward scaremongering.

In that it has not been alone. Robert McNamara, when president of the World Bank, made population alarmism respectable. Mr. McNamara, although known for his prowess with numbers, was badly found out when he claimed incorrectly that 30 million children die of starvation every year. The real figure, as since established, is less than half that.

This is not to argue for complacency. But it does mean that we should think in more hopeful terms than the doomsayers would wish.

Perhaps as much as 98 percent of the world has escaped the prospect of starvation. And many Third World countries, once sleepy backwaters, are on the threshold of prosperity. As recently as 1950, nutritional and economic levels in South Korea were

er 700 million are seriously malnourished. The opinion is spreading among professional nutritionists that malnourishment does not necessarily translate into an inability to lead a normal working and social life. The metabolism of people with diets inadequate in calories undergoes a transformation that allows them to utilize food far more efficiently than do the amply nourished.

Neither does low weight in children translate into significantly higher death rates. More than half of the children of Bangladesh weigh less than they theoretically should for their age. But only about 5 percent of those children who are most seriously underweight experience mortality rates significantly higher than children who are not underweight at all.

This is not to argue for complacency. But it does mean that we should think in more hopeful terms than the doomsayers would wish.

Even in serious famine situations, such as swept Ethiopia and Sudan two years ago, the experts are always confounded by people's resiliency. In that emergency food aid was an important factor, but the early estimates of those who might die had to be drastically revised downward because the people, although deprived of grain, subsisted successfully on plants, berries and wildlife.

None of this is an argument against birth control. Clearly, given our accumulated scientific and social knowledge, there is no virtue in famishing in the late 20th century producing 8 or 10 children in order to guarantee the survival of two who will look after the parents in their old age.

But since we don't have to panic about the total number in the world, we can afford to honor the right of parents to make their own choice.

Compliance, as in China, is not necessary. As economic well-being improves and the educational level of women in particular improves, couples choose to limit their families.

This is the experience of countries as diverse as Sri Lanka and Barbados, which now have population growth rates comparable to those of Western Europe and North America.

Of course, the means to choose must be at hand, which is why the family planning advice of the UNFPA is so important — and why it was so foolish for the United States to cut its appropriation because the agency was active in countries that encouraged abortion and infanticide, even though quite clearly the UNFPA had nothing to do with those policies.

Five billion is a lot of people, but a cause for complacency it is not. What the Malthusians have overlooked is that social and economic systems are not static or inflexible. We live in an age of innovation. Human talents continue to be the ultimate resource.

Despite the outward form of consultation, European officials came away from the NATO meeting fearing that the runaway horses set loose at Reykjavik are on the gallop again.

Consider how the topsy-turvy U.S. scene looks from Europe.

Six years after taking office and refusing to give policy jobs to dente-mongering Republicans like Henry Kissinger and Brent Scowcroft, the Reagan administration is rejecting appeals from these same men to eliminate mutual nuclear deterrence. This is the most serious of many policy reversals that Mr. Shultz meanwhile joins the Russians in heeding the Europeans to make their decision rapidly.

Indeed, the American foreign policy and nuclear weapons experts that Europeans know best and more than trust, such as Mr. Kissinger, Mr. Scowcroft, Sam Nunn and Zbigniew Brzezinski, are opposing the deal Mr. Shultz meanwhile joins the Russians in heeding the Europeans to make their decision rapidly.

President Reagan and General Secretary Gorbachev have taken the first steps toward a meaningful reduction in intermediate-range and perhaps short-range nuclear weapons. This process should continue, since it is in the best interest of both sides.

Here is the final and most important lesson of Chernobyl: We live on a small planet. The peaceful exploration of space and peaceful uses of nuclear energy are too important and potentially too dangerous to be eliminated to be determined and hinges on other complex issues such as verification and parity of conventional forces.

Americans will make a serious mistake if they confuse strength with force. Their society's strength lies in its people, its system of government, its pursuit of freedom and justice. America should not unilaterally give up its defenses, but it should not rely on them as a substitute for the responsibility of each citizen to actively participate in a democratic society.

President Reagan and General Secretary Gorbachev have taken the first steps toward a meaningful reduction in intermediate-range and perhaps short-range nuclear weapons. This process should continue, since it is in the best interest of both sides.

That is not true in arms control matters, but Mr. Shultz does not seem to have noticed it. Those who argue with him do not get detailed arguments back, but instead face stony cold stares and may receive nothing more than an invitation "to get on the team." Mr. Kissinger paid glowing tribute to Mr. Shultz's performance as Treasury secretary in the Nixon administration. Mr. Shultz did not have to worry about bureaucratic gambits such as chairing meetings in order to dominate them. Mr. Kissinger noted. Authority flowed to him because of his expertise in monetary and financial matters.

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At a time when debt persuasion and Kissinger's guile are needed to make Mikhail Gorbachev's effective democracy, Mr. Shultz appears to be relying on a partially exposed bludgeon. This may win him the immediate argument with Europe that centers on hardware and battle plans, but not the more important struggle involving the nature of leadership in the alliance.

The Washington Post

LETTERS TO THE EDITOR

In Support of Kinnock

Gorbachev and Kinnock agree on the need for new thinking to overcome the nuclear threat, while Margaret Thatcher does not.

MIKE GAPES, London

Sir Frederic uses the cliché "nuclear umbrella" several times, expressing horror that a Labor government would dispense with this "protection." He may believe that nuclear weapons somehow guarantee peace, but all they guarantee is that when the missiles do

To me it is simple. Would I rather see a Russian (or American) tank come clanking up the street some morning, or see a dirty, radioactive cloud containing the dust of what used to be London or Paris? Perhaps I could later crawl out of a hole and destroy the tank. Against that radioactive cloud I would be helpless.

But the British government chooses this moment to engage in a massive increase in the capability of its strategic arsenal, which will mean big cuts in the British army, naval and air force contribution to NATO. It would appear that Messrs. Reagan

BEN LANE, Solentown, Sweden

LETTERS TO THE EDITOR

1912: Bonnot's Gang?

PARIS — Another attack on an automobile chauffeur occurred [on April 23], in the same region where the chauffeur M. Matiblet was shot by the automobile bandits a month ago prior to the robbery of the Société Générale bank at Chantilly later in the day. It is supposed that the accomplices of Jules Bonnot, the murderer of M. Jouin, assistant-chief of the Detective Department, having learned that Bonnot was in hiding in the neighborhood, adopted this plan for obtaining an automobile to bring him back to Paris. Meanwhile, certain officials of the Detective Department believe that this information has been received which may shortly lead to the arrest of Bonnot. M. Xavier Guichard, chief of the Detective Department, it appears, went to the Café des Deux Magots, where he obtained some important clues.

Mr. Kissinger, chairman of the Occidental Petroleum Corporation, has had frequent dealings with the Soviet Union. Dr. Gale, of the University of California at Los Angeles, has worked extensively with Soviet victims of the Chernobyl disaster. The writers contributed this comment to The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1937: Mann on America

NEW YORK — A dictatorship could happen here but it will not because the American people are too alert and watchful, too jealous of their freedom. Dr. Thomas Mann, exiled German novelist, told reporters [on April 26], he boarded the liner *Île-de-France* to return to Europe. He has lived in Germany, "I hope and believe in the success of President Roosevelt," Dr. Mann declared. "He has taken the wind out of the sails of both Communists and Fascists by accomplishing social change in a quiet, orderly manner." Dr. Mann visited America as the guest of the University in exile, sponsored by the New School for Social Research, in New York City. Speaking before the faculty [on April 22], he urged the entrance of the "imaginative writer" into politics as a protest against "wicked aggression."

Every Thursday, The New York Times reports on trends affecting the stock market.

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U.S. Military Reportedly Helped With Contra Aid

By Fox Butterfield
New York Times Service

WASHINGTON — The congressional committee investigating the Iran-contra affair have found evidence that U.S. military personnel in Central America actively helped the resupply operation for the Nicaraguan rebels despite a congressional ban on such aid, according to an official familiar with the investigation.

The assistance included refueling planes used by the private supply program and storing weapons and ammunition in U.S. military warehouses, the investigator said.

There was no indication, however, that the officers and enlisted men who provided the aid did so under orders from Washington. Instead, they reportedly acted out of a widely held belief among U.S. military and government personnel in the region that they were carrying out a policy established by President Ronald Reagan.

In addition, lawmakers now have traced the origin and use of almost all the money involved in the covert operations, except for a \$10 million donation reportedly made by Sultan Muhib Hassanul Bolkiah of Brunei, according to an official knowledgeable about the investigation.

The investigators have concluded that the sultan's money may have been accidentally deposited in the wrong Swiss bank account. This apparently was due to an error made in transmitting the account number by Elliott Abrams, assistant secretary of state for inter-American affairs.

Mr. Abrams has acknowledged that he was given the number of the secret Swiss account by Lieutenant Colonel Oliver L. North, the former National Security Council staff member.

A senator said Friday that the amount of money diverted from the Iran arms sales to the program supplying the Nicaraguan rebels, known as contras, was in the millions of dollars. But the senator said it was probably less than previous estimates, which ranged from \$8 million to \$30 million.

The new evidence of involvement of U.S. military personnel in helping the covert supply operation came from interviews that congressional investigators had with U.S. officers and enlisted men in Central America during the last few weeks, a legislator said.

During the interviews, the soldiers indicated that they believed they were carrying out Mr. Reagan's policy.

A sergeant related that he had regularly provided aviation fuel to planes used by the private resupply network when they landed at the airbase where he was stationed.

"I don't ask whose plane it is," the sergeant said. "My job is to fill it up and get it out again."

Hanoi Assails Protest of Japan Links

Reuters

BANGKOK — Vietnam criticized non-Communist countries of Southeast Asia on Sunday for protesting to Tokyo over Japanese commercial activity in Vietnam.

The Vietnamese Communist Party daily newspaper Nhan Dan said the protest, delivered in Tokyo on Thursday by ambassadors from the Association of South East Asian Nations, would frustrate efforts to bring peace to Cambodia.

The ambassadors said the aid and credits from a Japanese trading company, Nissho Iwai Co., undermined international efforts to isolate Vietnam because of its military presence in Cambodia.

The six members of ASEAN are Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Hanoi has about 140,000 troops in Cambodia defending the government it installed there in 1979. ASEAN and most Western nations seek withdrawal of the troops and installation of a democratically elected government in Cambodia.

A Thai Foreign Ministry spokesman said Friday that his government believed six more Japanese companies were ready to extend credit and aid to Vietnam.

Tokyo has said activities by Japanese companies have nothing to do with the government.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

| TITLE | SALARY | EMPLOYER |
|---------------------------------------|-------------|--|
| BUSINESS DEVELOPMENT MANAGER | | European manufacturer of engineering thermoplastics. |
| SENIOR APPLICATIONS ANALYST-TECHNICAL | Competitive | ABU DHABI NATIONAL OIL CO. |
| VP FINANCE & ADMINISTRATION | \$100,000 | An Int'l investment & motion picture production company. |
| TAX DIRECTOR | Excellent | WANG. |
| SENIOR ACCOUNTANT | | A real estate & building group. |

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel (33) 47 41 79 21 - Telex 103 944 Amadas.

AMERICAN TOPICS

Oil States Are Hoping The Worst Is Over

After three years of steeping decline, most experts say the worst is over for the oil-producing states of Texas, Oklahoma and Louisiana, The New York Times reports. Some say the foundation for a modest recovery is taking shape.

Experts say any recovery will be gradual, rather than a return to the boom of the early 1980s. It will have as much to do with the national economy as with oil prices. And the areas most likely to recover are those with the least emphasis on oil.

Texas, the most economically diverse of the three states, has the best prospects. Oklahoma seems further behind. Louisiana, the most heavily dependent on oil, has the fewest positive signs and an unemployment rate of 14.3 percent, compared with 7.9 percent for Texas.

Short Takes

A bank manager absconded with nearly \$200,000 and left behind a list of pros and cons of his deed, the Federal Bureau of Investigation said. It reported \$161,000 in cash and \$37,000 in traveler's checks missing from a branch of Southeast Bank in Tampa, after David Hale Messer, 29, vanished, leaving behind a wife and 16-month-old son. Pros included "travel anywhere, live on islands, meet many women, party." Among the cons were "loss of loved ones, regret with no return possible, money won't last forever" and "if caught will go to jail."

Federal testing of cigarettes for tar and nicotine is ending after 21 years, the Federal Trade Commission has announced. It said the program cost about \$200,000 a year and duplicates information available from the tobacco industry. A spokeswoman for the American Lung Association said this funds the measurement of tar and nicotine over to the tobacco.

The following is a condensed version of a New York Times dispatch by Wayne King:

WASHINGTON — If you were in charge of the country's parks and other public lands, and a bunch of punks were trashing them, what would you do?

Hire Clint Eastwood, of course. Make his day.

That is what Interior Secretary Donald P. Hodel did. He also



FROSTBUSTERS — Wearing a protective suit, Julie Lindenman, a technician with Advanced Genetic Sciences Inc., sprays a field of strawberries near Brentwood, California, in the first authorized outdoor test of genetically engineered bacteria, here intended to prevent formation of frost. Her suit is decorated with a takeoff of the symbol from the movie "Ghostbusters."

signed up Charles Bronson and Lou Gossett. Three toughest guys in America.

But before these guys move on anybody, they're gonna talk on television spots. Talk about how unhip it is to trash the American grocery. And they're doing it free.

Here is Bronson, for example. The screen says, "Charles Bronson Isn't Happy." Not happy. Get it? When Charles Bronson is not happy, it's like a pit bull with an attitude. The news is ungod.

Then Bronson himself appears with a look on his face like his car

just got repossessed. Someone who gets his kicks punching out flowers," he says in that voice like a dull razors blade, "shouldn't be too much of a match for us."

Clint Eastwood says he finds missing up the park's "unacceptable."

Get it? Get it? Unacceptable. Lou Gossett is annoyed.

Hire Clint Eastwood. Annoyed.

The Interior Department says the ads are aimed at putting a "social stigma on those who might abuse public lands." Social stigma. How about a bent frame?

— ARTHUR HIGBEE

Availability of Guns Cited In U.S. Multiple Murders Loose Social Controls Also Blamed

By Matthew L. Wald
New York Times Service

BOSTON — Multiple murders of strangers, like the one last week in Palm Bay, Florida, are not unique to American society. But the incidents in the United States often involve more victims because guns are readily available to a pathological individual with an urge to express a murderous rage.

The 60-year-old unemployed man who killed six persons Thursday

last crimes lies basically in individual circumstances.

In their book, "Mass Murder: America's Growing Menace," Mr. Levin and Mr. Fox, both professors at Northeastern University in Boston, listed four threads common to mass murderers.

The killer, they found, has usually had "a life of frustration," as Mr. Levin put it in an interview. "He may be a victim of abandonment as a child, or a physical handicap, deformity, poor grades or low intelligence."

There is also usually a precipitating event, like loss of a job or a divorce.

The killer is familiar with guns, and is a military veteran, a hunter or a target-shooting enthusiast.

But the pair found another factor they thought was peculiar to the United States, which they called a "breakdown in social controls."

"In most of these cases," Mr. Levin said, "these people didn't have others around to stop them, and to get them through bad times, either because they lived alone, or they had recently pulled up roots and moved."

American society, he said, experienced a breakdown in internal controls during the 1960s and early 1970s when "we were admonished not to feel excessively guilty."

While the trend may have been healthy or at least unharful for the majority, he said: "We may have created a few more people at the extreme, who didn't feel guilty to begin with. Put that together with the breakdown in external controls, and you've got dynamite."

But the experts cautioned that many thousands of individuals appear to fit the profile of a mass murderer, and most of them never turn to violence. The reasons that a few do is little understood.

"Every neighborhood has them," said Mr. Fox. "They say, 'He doesn't like people, he'll shoot you.' There are many people who will fit that bill, but we can't go and round them all up. You'd arrest thousands just in New York City."

day and wounded 10 with a rifle at two shopping centers in Palm Bay was described as a loner who taunted children and displayed his gun.

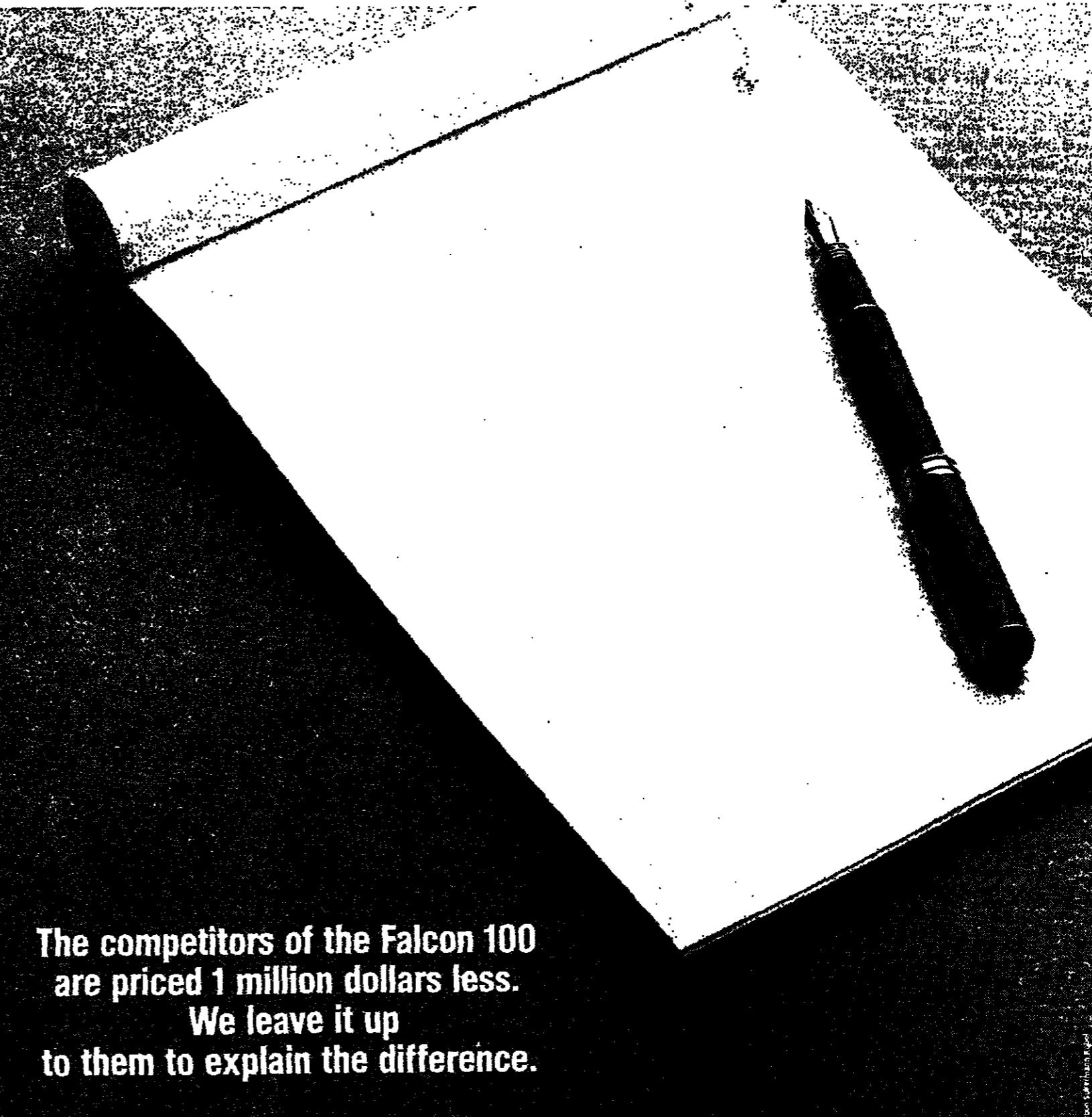
"Other societies may have lots of frustrated people who lose their jobs," said Jack Levin, a sociologist.

Senator Cranston was a co-sponsor of a plan to withhold \$100 million of the \$625 million aid proposed for fiscal 1988 unless Pakistan stopped producing weapons-grade nuclear material.

Senator John Glenn, Democrat of Ohio, said that when the bill came to the Senate floor he would call for suspending military aid unless the administration could give "reliable assurances" that Pakistan had stopped making weapons-grade nuclear material.

Anti-proliferation advocates in the House, which in an earlier vote failed to cut aid to Pakistan, also vowed to press the issue when the foreign aid bill comes to the floor.

But the explanation for particu-



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Business takes off with Falcon

TAMILS: Sri Lanka Rift Widens

(Continued from Page 1)
 Dutch and the British erased political lines and blurred cultural differences but did not blot out the years of separateness.

Sri Lanka, which was ruled by Britain as Ceylon until it won independence in 1948, today is a country where about 75 percent of the people are Buddhist Sinhalese with a culture dating to the fourth and fifth centuries A.D.

Michael Roberts, a native Sri Lankan now at the University of Adelaide, in Australia, wrote in a study of the Sinhalese a decade ago: "The history of the island has bequeathed to the Sinhalese a vision: their role as a chosen people destined to preserve Buddhism in its pristine purity in the island basin."

This is a vision not shared by the Hindu Tamils, the other major group in Sri Lanka, whose kingdom, mostly in the north but also stretching to the east, back several hundred years. With a favored position during colonial rule due to educational advancement, theirs is the view of the minority suddenly finding its position eroded by a newly assertive majority.

Yet the Tamils, with 18 percent of the total population of about 16 million, are not all of one mind, except perhaps when the pressure is heaviest from the Sinhalese majority.

The so-called northern Tamils of the Jaffna Peninsula, more than one million strong, are divided along caste lines. The Tamils in the east often feel as if the Jaffna Tamils do not count them as equals. The 100,000 or so Tamils of Colombo are yet another group, as are the 1.5 million so-called Indian Tamils.

The Indian Tamils, who were brought to Sri Lanka during British

times as laborers, now mostly live around the tea estates in the mountainous center of the country, separated by territory and background from the other Tamils. Making up about one-third of the total Tamil population, so far they have stayed aloof from the strife in the rest of the country.

In times of tension, many of these differences seem to blur.

A Tamil businessman who has contacts with important people in government says there is growing despair among many in Colombo, but especially among the Tamils, who complain they are not given jobs because of their ethnic background.

During a break in the curfew that was declared in Colombo to try to prevent a backlash against Tamils from Tuesday's bus bombing, a former journalist who lost jobs, apparently because of his ethnic background, said: "There used to be days of equality. These are days of inequality."

Since the riots in 1983, the Tamil population of the city has dwindled to about 100,000, mostly in Washington, called to protest Reagan administration policies in Central America and South Africa. About 75,000 participants marched from the White House to the Capitol.



ANTIREAGAN MARCH IN WASHINGTON — Demonstrators at a march in Washington, called to protest Reagan administration policies in Central America and South Africa. About 75,000 participants marched from the White House to the Capitol.

Anthony Hayward/Reuters

IMAGE: U.S. Presidential Candidates Compete to Display Emotional Sides

(Continued from Page 1)

cried his wife over an unflattering newspaper article in The Manchester Union-Leader.

By contrast, when Mr. Hart lost his composure on a recent visit to his hometown of Ottawa, Kansas, his staff was thrilled with this "humanizing" moment. While talking about his parents, Mr. Hart's eyes filled with tears and his voice quavered.

Now it is the youngsters with the guns who are in a desperate struggle with the government's increasingly strong military and police. When tensions build other Tamils find they cannot remain immune.

The government decision to bomb guerrilla bases in the Jaffna Peninsula will bring the point home even more. Most of the bases are built-up areas of Jaffna City or in villages spread across the peninsula.

In an interview with Vanity Fair

ly and candidly about his disabled arm and hand, about the patience needed each day to tie his shoe, thread his cuff links and button his shirt.

On the "Today" show, Senator Joseph R. Biden Jr. talked publicly for the first time about the 1972 automobile accident that killed his first wife, Nelia, a schoolteacher, and his baby daughter.

"I think it was unfortunately the most graphic demonstration in the world for me as to how little control one has over their lives and their destiny, how much a role fate plays, and how vulnerable we all are," he said. "At the time I didn't think of any of that. I just felt rage, anger."

Recalling a time when Hubert H. Humphrey was portrayed as "an open Washington joke" because he

cried so easily, Representative Morris K. Udall, an Arizona Democrat, thinks the evolution is healthy.

Mr. Udall, who is completing his 26th year in the House, credits a cultural change in the country, a shift that is reflected in the new breed of sensitive but masculine men featured on several hit television shows.

"There's no longer the old frontier where grown men don't cry," he said. "And there's a lot more openness about personal relationships."

Others find the trend more sympathetic. "It looks like the political consultants are writing tears to go for sympathy, some quite crudely," said Michael Kinsley, editor of The New Republic magazine.

NUCLEAR: Chernobyl Lessons

(Continued from Page 1)
 dent is precluded in the United States because of design differences, although, of course, that does not rule out accidents of other types."

A report on the Chernobyl disaster issued this month by the Atomic Industrial Forum, an American industry group, said:

"The Soviet accident has had little technical impact on civilian nuclear technology in the West. After a year of intensive analysis, government and industry experts are convinced the Soviet design is not relevant to Western nuclear programs, because the design of the Chernobyl-type reactor is unique."

Nevertheless, American reactors have had their share of problems. For example, on March 31, the Peach Bottom station at Delta, Pennsylvania, was closed after federal inspectors found evidence that operators had been sleeping at the controls.

Virtual all American commercial reactors are light-water reactors, of a type in which ordinary water serves both to carry useful heat away from the reactor and to

moderate, or slow down, neutrons produced by the nuclear reaction, thereby using them to maintain a controlled chain reaction.

By contrast, the graphite-moderated type of reactor at Chernobyl and some other Soviet stations uses water to carry away heat, but moderates neutrons by a gigantic honeycomb of graphite in which the uranium-bearing fuel rods and their water jackets are embedded.

When such a reactor is operated at low power, in what is called an unstable mode, it can be easily tripped into a runaway reaction of the kind that brought about last year's disaster. In an experiment that led to the accident, the Chernobyl operators had deliberately throttled the reactor back.

■ Anti-Nuclear Protest

Dutch riot police fought Sunday with up to a hundred anti-nuclear demonstrators who broke through a security fence surrounding the blockaded nuclear power plant at Borssele, the Netherlands. The Associated Press reported from Borssele.

Twenty-nine policemen were injured and 10 demonstrators were treated at a medical station in the nearby protest camp. No arrests were made, according to the police in the southern Netherlands community.

The protest, marking the first anniversary of the Chernobyl disaster, started Saturday and ended Sunday afternoon.

In other protests marking the Chernobyl anniversary:

• More than 4,000 protesters staged a rally Sunday at a nuclear reprocessing plant being built at Wackersdorf, West Germany. Organizers said that 6,000 people took part. The police put the number of participants at 4,500. There were no reports of trouble. Small rallies took place in several cities, including Hamburg, West Berlin and Cologne. (Reuters)

• About 3,000 anti-nuclear activists marched Sunday through the streets of Thionville in northeastern France to protest the nearby Cattenom nuclear plant. (AP)

• Japanese anti-nuclear activists held rallies across the country on Sunday. In Tokyo, some 1,000 people gathered in a park, and similar rallies were held in Osaka, Kyoto, Aomori and Saga. In Saga, about 70 people gathered in front of a nuclear power plant and released balloons. (AFP)

• Police in Sweden arrested six anti-nuclear protesters during demonstrations Sunday outside nuclear power plants. (Reuters)

• In London, a crowd estimated at 50,000 by the police and 100,000 by organizers marched from Victoria Station to Hyde Park. (AFP)

• In Caen, France, 50,000 demonstrators joined hands between a nuclear power plant and a military airport. (AP)

PLO: Arafat Re-elected

(Continued from Page 1)
 Sunday reiterated all the PLO's most radical positions. These include the demand for a sovereign Palestinian state with Jerusalem as its capital.

Mohammed Abbas, known as Abu Abbas, who was convicted in the 1985 Achille Lauro ship hijacking, kept his position on the PLO's executive committee despite a prediction by Arafat loyalists that he would be removed.

■ Israel Looks to Moderates

Israeli officials said Sunday that the PLO's hard-line policies might have cleared the way for talks between Israel and moderate Arabs. The Associated Press reported from Jerusalem.

An Israeli official, who asked not to be identified, said the resolutions in Algiers, coupled with recent anti-Israel guerrilla attacks, showed that "the PLO has taken itself out of the peace efforts being made in the area" and that "the best way to proceed now is with Jordan, Egypt and Palestinians who are not members of the PLO."

Israel's foreign minister, Shimon Peres, has been campaigning for talks with Jordan and non-PLO Palestinians in the framework of an international conference on Middle East peace.

U.K. Strikers Vote To End a Sit-In At Tractor Plant

Reuters

LONDON — Strikers at a tractor plant near Glasgow that is scheduled to be closed by Caterpillar Tractor Co. of the United States voted Sunday to end their occupation of the factory after more than three months.

A meeting attended by 700 of the plant's 1,200 workers approved an agreement reached with management Thursday. Production is to resume Monday.

The agreement calls for the establishment of a working group of representatives from both sides. The group has been given until Oct. 16 to find a buyer for the factory.

The company has promised that there will be no job losses before that date. Workers began their occupation Jan. 14 after Caterpillar said that it planned to close the plant and furlough the entire work force.

Separately, at a Glasgow rock concert in support of the Caterpillar workers on Sunday night, a 16-year-old youth was killed and two were injured in a brawl.

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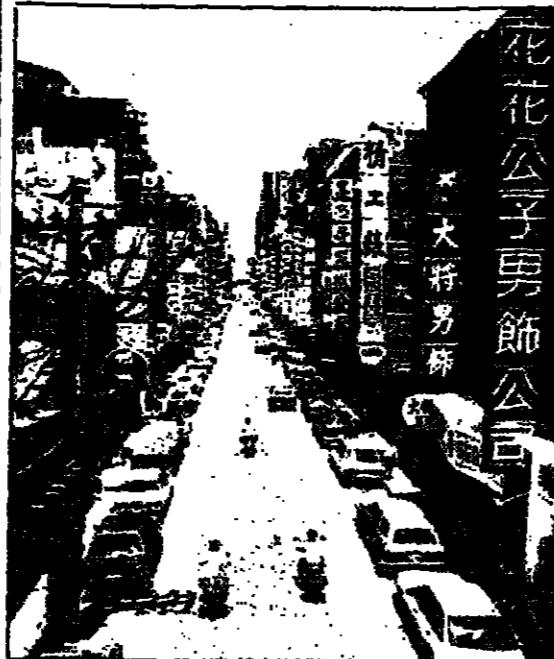
حکایت از ایران

Taiwan: Coming of Age

IN THE NEWS

May 21, 1986: Governments Agree on Plane Return

Taiwan and Beijing initial their first accord in 37 years as they formally agree on the return of a Taiwanese cargo plane and two crew members held in China. The China Airlines Boeing 747 jet, a Taiwan-based carrier, was diverted to the mainland by a defecting pilot.



Sept. 28: Opposition Establishes Party

The Taiwan opposition defies martial law and sets up a party to contest the December legislative elections. The Democratic Progress Party, established by 135 members of the loose opposition alliance known as the Tangwai, which operates outside the three approved political parties, nominates 42 candidates to run for parliament.

Although Western ideas are gaining acceptance, Chinese culture is still the strongest influence.

Oct. 15: Plans Approved To Lift Martial Law

Following statements by President Chiang Ching-kuo to initiate political change, Taiwan's ruling party approves plans to lift martial law decrees and agrees to reforms allowing individuals to set up new political parties. The emergency decrees had been in effect since the ruling Kuomintang fled mainland China just before the Communist victory in 1949.



Dec. 7: New Party Wins A Quarter of Vote

The Democratic Progress Party does well in legislative elections to two central government bodies. The opposition party won nearly a quarter of the overall vote while the Kuomintang, or Nationalist Party, maintained significant margins in both the Legislative Yuan, the lawmaking body, and the National Assembly, which oversees constitutional amendments and elects Taiwan's president and vice president.

Change in Foreign Policy Proceeds Slowly

By Chen Hao

TAIPEI — Although the political agenda has assumed an added urgency since last December's legislative elections, foreign policy appears to have been little influenced by Taiwan's social and political evolution.

When Taipei officials negotiated the return of a jetliner diverted to mainland China last year, in its first formal contact with Beijing, many viewed it as a harbinger of a potentially significant shift in the Kuomintang's long-established policies toward the People's Republic and, by extension, its overall international role.

But many analysts have come to view the talks held

in Hong Kong last May as an isolated incident.

"The political reforms taking place here have been widely recognized in the West and may help improve our international image and our relationship with the United States," said a deputy foreign minister, John H. Chang.

"But in the short term, there is no urgent drive to make drastic changes in the field of foreign policy, as many people had expected."

The absence of new developments in foreign policy in part reflects a lack of significant opportunities for policymakers, local and foreign analysts point out. But neither has Taipei advanced far toward resolving the one important issue that has emerged in recent months: its membership in the Asian Development Bank.

While it is a charter member of the Manila-based institution, and a net lender to it, Taiwan's presence in the bank was thrown into question when mainland China was invited to join it in February 1986.

Although Taipei has since boycotted the bank's activities, those urging a more open foreign policy used this boycott to mollify conservative officials, thus averting a complete withdrawal from the only major multilateral body of which Taiwan is still a member.

Nonetheless, the government elected not to attend the bank's annual meeting in Osaka, Japan, this month, citing its dissatisfaction with its new designation.

Continued on page III

A Country in Transition

Reform Drive Loosens Reins On Politics

By Patrick L. Smith

HONG KONG — It has been little over a year since President Chiang Ching-kuo set in motion a series of reforms intended to modernize Taiwan's political system. While many analysts immediately recognized the far-reaching implications of Mr. Chiang's proposals, few anticipated the transformation that has since swept this traditionally ruled island state.

No other East Asian nation has been as politically stagnant in recent years. Yet none now matches the pace at which Taiwan is moving toward a more democratic form of government and the relative calm with which this process is unfolding.

Martial law, which has been in force since the ruling Kuomintang, or Nationalist Party, fled the mainland before the Communist takeover in 1949, is now expected to be lifted within the next several months. The government also intends to make its three legislative bodies more representative and to give greater autonomy to provincial and municipal administrations.

These are among the measures that the president outlined when he signaled his liberalization drive in March 1986. Since then, he has moved toward reform of the national judiciary and is expected soon to lift restrictions on the number of newspapers published in Taiwan and the size of the 31 dailies that are currently licensed.

More significant than any of these steps, however, has been the Kuomintang's unofficial acceptance of its opponents in recent months. In defiance of a martial law ban on new political organizations, the ruling party's loosely allied adversaries formed the Democratic Progressive Party last September.

The party's appearance marks the first time native-born Taiwanese, who make up the majority of the island's 19.4 million residents, have been permitted an organized political vehicle since the Kuomintang, which is dominated by mainlanders, established its authority here. In elections last December, the Democratic Progressives won a small but significant foothold in the Legislative Yuan, which is the lawmaking body.

The new party has catalyzed the local political environment, particularly since the legislature convened its first session of the year in February. More than anything else, the party has begun to erode the long-accepted view of government in Chinese society as a distant, unapproachable authority that is beyond questioning by its citizens.

Protests by one special interest group or another — farmers, mer-

Continued on page VI



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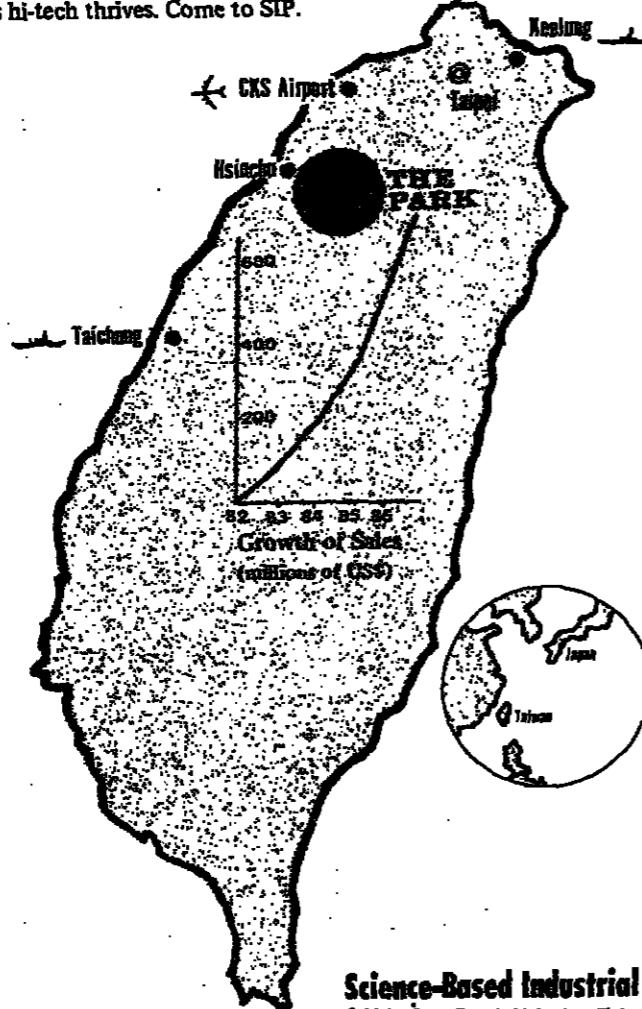
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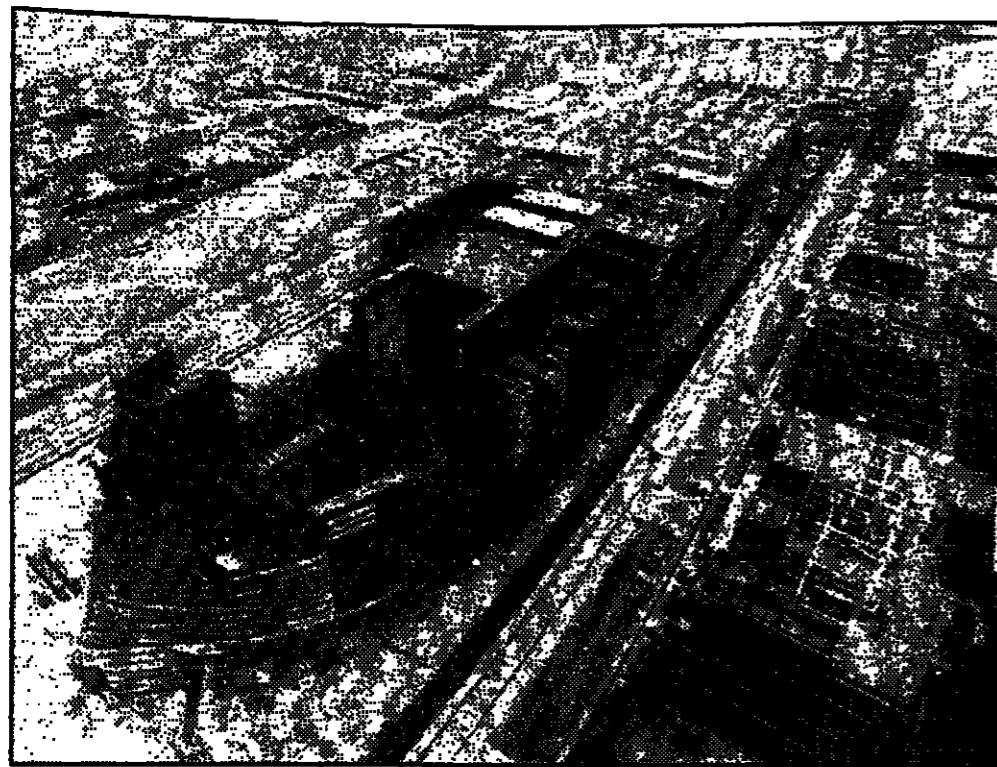
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Relations With U.S., China



A cargo vessel under construction in a shipyard at the port of Kaohsiung.

Trade, Politics Keep the Pressure On

By Robert A. Manning

WASHINGTON — A combination of developments in China and Taiwan and in U.S. relations with both nations poses new problems for Taipei. While there is no immediate threat, the conflict between U.S.-Chinese relations on the one hand and Washington's commitment to Taiwan's security on the other — as well as U.S. human rights concerns — continue to loom as long-term factors that could unsettle the delicate balance.

Interviews with U.S. officials, congressional staff members and Taiwan activists point to continued pressure on Taipei over issues of trade and the country's fledgling democratization process.

Several new elements have entered the equation in recent months. They include the political crackdown by Beijing, nascent pluralism in Taiwan after December's legislative elections and the Democratic Party's gaining control of both houses of the U.S. Congress in November.

The most immediate issue for Taipei is the threat of U.S. protectionism. In 1986, the United States had a \$13.5 billion trade deficit with Taiwan, and pending U.S. legislation could jeopardize Taipei's export-dependent economy. Both U.S. and Taiwanese officials say the trade disputes can be resolved and are unlikely to spill over into the political realm.

Moreover, U.S. officials and congressional analysts say that recent political developments will have only a marginal impact on U.S. policy toward China and its extension, if unofficial, ties to Taipei.

The ascendancy of supporters of democracy in Taiwan to key positions of power in Congress may prove the most nettlesome for Taipei.

These lawmakers include Senator Claiborne Pell, a Rhode Island Democrat and the new chairman of the Foreign Relations Committee, Senator Edward M. Kennedy, a Massachusetts Democrat, and Repre-

sentative Stephen J. Solarz of New York, also a Democrat. They have been ardent backers of Taiwanese forces urging self-determination for the island state and they now face the dilemma of how to balance that concern with the stability of U.S.-Chinese relations.

Both Beijing and Taipei claim that Taiwan is part of China and seek reunification on their own respective terms.

The Reagan administration appears sanguine that its finely tuned balance is not in jeopardy. The United States severed official ties with Taiwan when it normalized relations with Beijing in 1979, but continues to maintain large-scale unofficial contacts.

As a State Department official said,

ties has often been contested by Beijing. The United States has resisted Taipei's requests for either the F-20 or F-16 advanced fighter plane.

However, last year, following U.S. approval for a \$550 million deal to provide advanced avionics for Beijing's F-3 fighters, the United States did permit private defense firms to help Taiwan build a new all-weather fighter, over Beijing's objections.

Analysts say it enabled the United States to straddle the fine line between the 1982 communiqué and the Taiwan Relations Act.

Taiwan is viewed by Beijing as a major obstacle in U.S.-Chinese ties. That is a

dence of Beijing's heavy-handed threats.

Taipei also faces pressures from the other direction. In Washington, a coalition of liberals favoring self-determination for Taiwan is growing and is aligned with rightist pro-Taiwan supporters. Analysts say that Taipei's moves toward democracy have renewed conservative support for Taipei as well as energizing liberal rights activists.

A delegation from the Democratic Progressive Party, which gained 23 of 157 contested seats in Taiwan's legislature in December, was well-received during a February visit to Washington. The group was reportedly soundly out through an intermediary — about a meeting with Beijing's ambassador to the United States, which it declined.

Perhaps the most striking example of such sentiment was a speech given by Mr. Pell on Feb. 23, expressing support for self-determination. He said: "If the Taiwanese people freely vote for independence, the world should respect their judgment."

While the liberal lawmakers are pressing for political change in Taiwan, they are careful not to disrupt U.S.-Chinese ties.

Even Peng Min-min of the Formosa Association for Public Affairs, the main pro-democracy lobby, said, "Congressmen are careful to draw a line between democracy and independence." Mr. Peng said his group's strategy is to press for more democratization and play down the independence issue, which is anathema to Taipei and Beijing.

Even so, trade tensions with the United States, urgings from Washington for political change and from Beijing for reunification add up to a steady stream of pressure on Taipei for the foreseeable future.

ROBERT A. MANNING is a diplomatic correspondent in Washington for U.S. News and World Report.

The most immediate issue for Taipei is the threat of U.S. protectionism.

"The Taiwan issue has been institutionalized."

An August 1982 U.S.-Chinese joint communiqué devised a formula couched in carefully ambiguous language that continues to be a source of U.S.-Chinese friction. In exchange for Beijing's pledge to pursue peaceful reunification with Taiwan, the United States, the communiqué said, would limit the quantity and quality of arms sales to Taiwan to 1980 levels and phase down military aid.

But Washington must also abide by the Taiwan Relations Act, which commits it to meet Taiwan's security needs. Since 1983, U.S. arms sales to Taiwan have shrunk by \$20 million a year from a high of \$780 million. Last year, they totaled \$700 million.

How the United States has defined, for example, the quality of weapons it sup-

plies has often been contested by Beijing.

The Shultz administration appears to have responded to this reflected any shift in policy. But analysts in Washington say it enabled the United States to straddle the fine line between the 1982

communiqué and the Taiwan Relations Act.

Taiwan is viewed by Beijing as a major

Booming Port Is Growing

By Patrick L. Smith

KAOHSIUNG — The untroubled pace of this semi-tropical city, the main streets of which are lined with traveler's palms and flowering bushes, belies its importance as one of the world's largest and most sophisticated ports.

Like the economy as a whole, Kaohsiung's growth has been explosive over the past two decades, and like Taiwan's two largest cargo lines, the Evergreen and Yang Ming groups, the port today is a measure of the island's increasing prominence in activities other than manufacturing.

In addition to handling almost three-quarters of Taiwan's import and export traffic, Kaohsiung is rapidly assuming a role as an intermediate point between many smaller Asian ports and the region's markets in the United States and Europe.

For their part, Evergreen and Yang Ming are already among the world's leading shipping lines. Their continuing expansion, particularly as other lines struggle in a troubled industry environment, reflects a steady shift among shippers toward the more competitive carriers in developing countries.

In many respects, Kaohsiung's

growth has gone hand in hand with that of the two domestic lines, whose dominance here is readily apparent. But the privileged position occupied by Evergreen and Yang Ming — the latter of which is government owned — is now being challenged as part of the broader U.S. effort to compete in Taiwan's services sector.

Severely damaged by Allied bombing in World War II, Kaohsiung (which is pronounced "Gow-shung") was unable to mount its first major modernization plan until 1958. Eleven years later, the port docked its first freight container.

Growth has tracked the economy ever since. Two years ago, Kaohsiung overtook Kobe, Japan, as the world's fourth largest port in terms of 20-foot (6-meter) equivalent units, or TEUs, which measure traffic volumes by converting container freight into standard units of 20 feet. It now ranks behind Rotterdam, New York and Hong Kong by this measure.

"We've gone from zero to the top in 18 years," said Ma Shin-i, the deputy director of the Kaohsiung Harbor Bureau. "Hong Kong is now our only competitor in Asia."

That is not quite the case. Reflecting the port's increasing prominence in East Asia, transshipments now account for a

quarter of total container traffic, putting Kaohsiung in direct competition with Singapore and other Southeast Asian shipping centers.

Although Kaohsiung is well-situated astride the region's main shipping lanes, Rear Admiral Ma, who served in the Nationalist navy before assuming his duties here, cannot offer transshipment services to those trading with the mainland. As mainland China modernizes, political considerations may prove a severe limitation on the development of Kaohsiung's transshipment activities.

Nonetheless, the port is now midway in an expansion program that many shipping analysts believe will make it the world's busiest. Annual handling capacity is expected to double to 100 million tons by 1991, when its fourth container terminal is to be completed. Terminals five and six, which will triple current capacity, are already being planned.

As a result of expansion programs at Evergreen and Yang Ming — their combined capacity grew by 40 percent last year — Taiwan already ranks as the world's third largest shipper of containerized freight. Evergreen, which was founded in 1968 by a former sea captain, became the global leader among lines last year; Yang Ming is in the top 10 and climbing.

The two lines will take delivery of four and six new vessels, respectively, over the next two years.

The advantages enjoyed by these and other Third World carriers are evident. Manning levels are a third lower than they are for, say, a ship registered in the United States. Wage differentials are the same as they are in industry as a whole.

In 1985, the latest year for which results are available, Evergreen reported net profits of \$2.5 million on revenues of \$1.2 billion. A drop in freight rates is believed to have reduced margins significantly in 1986.

But lower cost structures are only part of the picture, according to independent shipping analysts. Both lines enjoy favored treatment from government corporations that ship or receive cargoes, which helps them maintain dominant positions in the Taiwan market.

Taiwan Aide in U.S. Knows His Americana

WASHINGTON — The black limousine parked in front of a glistening new eight-story steel and glass building near northwest Washington's Tenley Circle does not have diplomatic license plates. Nonetheless, it belongs to one of the city's most active and well-regarded diplomats, Frederick F. Chien, head of Taiwan's quasi-embassy here, the Coordination Council for North American Affairs.

The council's move last autumn from an outlying suburb is perhaps symbolic of Taiwan's enhanced, if unofficial, presence in Washington.

Still, Mr. Chien has his work cut out for him. Not only does he battle against Washington's relationship with Beijing and the nonrecognition of Taiwan, but his nation's economic success has helped spur a trend far more threatening to Taipei than its political isolation: mounting protectionism in the United States.

The 51-year-old diplomat is one of a new breed of less ideological technocrats gaining prominence in the ruling Kuomintang. A former translator for Chiang Kai-shek with a Ph.D. from Yale, Mr. Chien is typical of a new generation of Kuomintang mandarins.

Since he took his present post in 1983, he has impressed audiences, peppering his conversation with bits of American that put any group here at ease.

"He's very effective," said a U.S. official. "He understands both the ways of Washington and Americans very well, and he's broadened his range of contacts beyond the 'Free China' faithful." The official added, "It's a big difference from the old geriatric KMT generation."

Mr. Chien's polish long fueled speculation in both Washington and Taipei that he will eventually be named foreign minister.

Mr. Chien said trade issues "consume

four-fifths of my time." In Capitol Hill luncheons and speaking engagements around the country, he seeks to persuade business men and opinion makers that Taiwan is not the culprit.

"We're being blamed for our success," he said. "We tried to emulate the U.S. Having done that successfully, are we now going to get punished for it?"

The current U.S. focus on Japan has taken the heat off Taiwan, he said. Mr. Chien hopes that this, along with waves of Taiwan "buying missions" to the United States and Taiwan's moves to curb counterfeiting and to open its markets, will quell the protectionist threat.

TAIWAN also faces political challenges that have grown more complex in recent years. The Taiwan Relations Act ensures that the United States will meet Taipei's security needs, but Taiwan also must deal with a burgeoning group of prominent U.S. lawmakers who are backing human rights and self-determination for Taiwan.

This Taiwan lobby includes Senator Claiborne Pell, Democrat of Rhode Island and chairman of the Foreign Relations Committee, and Senator Edward M. Kennedy, Democrat of Massachusetts, as well as Representative Stephen J. Solarz, Democrat of New York, and a host of U.S.-based Taiwanese groups.

Fortunately for Mr. Chien, the combination of a political crackdown by Beijing and new openness in Taipei have eased such pressures. The emergence of the Democratic Progressive Party, which won 23 of 157 contested seats in two legislative bodies in December, marked a dramatic step toward democracy.

Mr. Chien sees the new openness as an

inevitable consequence of Taiwan's economic development.

"What we've done in the past few months," he said, "is a product of our economic progress." He said such developments had been well-received in the United States. "I'm heartened to read complimentary columns and editorials. They have been very positive." Even among Taipei's critics on Capitol Hill, he added, "I've discerned a less critical approach. They want more concrete changes, but they have guardedly welcomed the changes we have made."

The biggest recent stain on Taiwan's image was the murder of Henry Lin, a journalist, in 1984. Mr. Chien moved quickly after this incident, urging Taipei "to take swift action." Although top Kuomintang officials were convicted, Mr. Chien said, "Thank God we didn't try to cover up. This has kept damage to a minimum."

Mr. Chien's approach also reflects a similar shift toward a more pragmatic and assertive foreign policy on Taiwan's part. The main vehicle for this policy is participation in various international organizations and sporting events.

Taiwan's acceptance of the title "Taipei, China" as the price for co-existing with Beijing in the Asian Development Bank, although the issue remains unsettled, is viewed as a formula for dealing with its identity problem.

"As long as we are treated with dignity and equal footing," Mr. Chien said, "we will participate."

In a comment that is perhaps the key to his overall task, he added, "We don't want the Republic of China to be forgotten."

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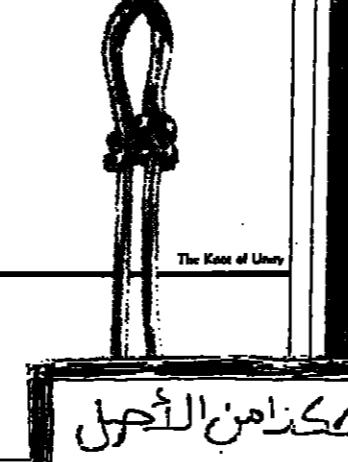
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Seeking Ways to Right the Trade Imbalance as U.S. Gets Impatient

By Paul Mooney
and Patrick L. Smith

TAIPEI — in many respects, 1986 was a year like most others for Taiwan's exporters: better than the one before, with another good one on the way. But it was also the year in which Taiwan joined Japan as a primary target of U.S. trade pressure.

Long a concern of Taiwan's principal trading partner, the multiplicity of barriers that protect local producers has been pushed to the fore by massive year-to-year increases in the island's merchandise surplus. Recent tariff cuts, together with new steps to liberalize the service sector, suggest that the administration has come to count this among its most pressing economic problems.

More than anything else, economists say, the trade surplus and the friction it causes have underscored the urgency with which Taiwan, which exports half of its gross national product, must begin to trade by the rules of advanced nations.

As if to signal this, Washington announced earlier this month that duty-free status under the generalized system of preferences would be withdrawn on half of the \$3.2 billion worth of products from Taiwan that have been so classified. The cut, which is to take effect in July, was the largest assigned to any U.S. trading partner.

"Taiwan has to take drastic action that will send a message to Congress and the American people," said Robert P. Parker, an attorney and chairman of a trade committee at the American Chamber of Commerce in Taipei. "It needs to show that it is making an effort to give U.S. products a fair chance."

Last year, the overall surplus grew by nearly 50 percent, to \$15.6 billion. With close to half of Taiwan's exports sold in U.S. markets, the U.S. deficit in its trade with Taiwan accounted for \$13.6 billion of the total.

Statistically, there is no clear sign yet that this trend has abated. The first-quarter trade surplus grew by almost 40 percent from the corresponding period last year, to a record \$4.1 billion; exports to the United States were up 26 percent.

What has marked the past year or so, however, is the quickening pace of Taiwan's market-opening efforts. The liberalization of the trade regime, first outlined by President Chiang Ching-kuo three years ago, is being pushed, in short, from the realm of platitude to reality.

Only a few months ago, for instance, Washington threatened Taiwan with retaliatory action for the first time, under Section 301 of the 1974 Trade Act. The issue was the import of wine, beer and cigarettes; after more than a year of fruitless negotiation, a resistant state monopoly in these products now competes with imports.

Soon after that threat was defused, Mr. Chiang signaled his concern with the overall trade issue by taking charge of a cabinet-ministry meeting that is normally left to cabinet officials. The message, government sources say, was an unambiguous call for action.

The principal factor in this apparent reordering of priorities appears to be the continuing rise of the Taiwan dollar against the U.S. dollar. Many officials equate further steps toward the liberalization of imports with reduced upward pressure on Taiwan's currency.

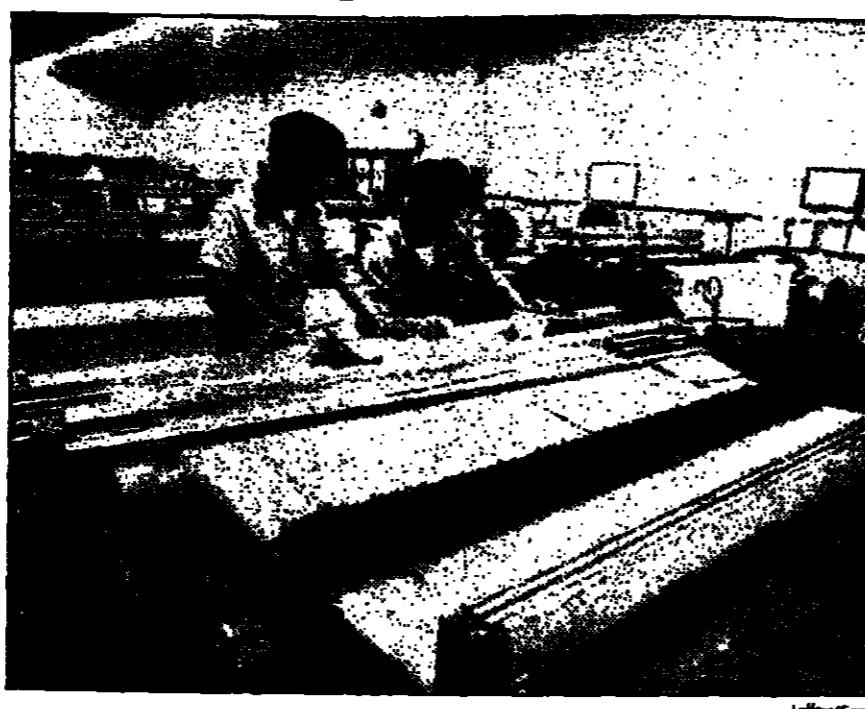
Reflecting U.S. pressure for a revaluation, the local dollar, which was long held at a fixed exchange rate, has gained almost 20 percent in value since the G-5 meeting of Western financial ministers reviewed global exchange rates in September 1985. It now stands at roughly 33 to \$1.

The currency issue has caused serious concern about the loss of foreign markets, and this has spurred Taiwan into making some hard decisions on the trade side," said a U.S. trade source. "There's a new understanding that we are talking about substance, not a promise of further discussions leading eventually to some far-off schedule of tariff reductions."

Evidence of this shift began appearing last year. In two rounds of talks, U.S. officials requested action on 56 items and 16 items, respectively, and came away satisfied with tariff cuts on a high percentage of them.

The items included agricultural goods, home appliances, food products and footwear. Tariffs in some categories were cut by up to 50 percent.

In direct response to limitations set by



Turning out textiles at a factory in a Taipei suburb



Dock workers unload sacks of American soybeans at the busy port of Kaohsiung.

Taiwan has to take drastic action that will send a message to Congress and the American people.

Washington last year on U.S. textile imports, the highest tariff on textiles here was reduced from 60 percent to 30 percent. On many of the items concerned, government officials have announced that this percentage is to be halved again.

The recent disclosure on textile items was included on a list of 862 items, ranging from air conditioners to silk products, for which duties are to be cut by up to 50 percent. Of those items, 61 were part of a group of 66 on which Washington had earlier demanded action.

Overall, the government's aim is to reduce its tariffs to levels below 50 percent. The highest tariffs now are 57.5 percent, a drop of almost 18 percentage points since 1985.

This new round of tariff cuts coincided with several days of trade talks held in Washington earlier this month.

Concurrently, Taipei announced that it would allow four U.S. insurance companies per year to begin competing in the domestic market: there are now five U.S. insurers active in Taiwan.

Many of the items on which Taiwan is taking action, such as umbrellas and sport shoes, are among its largest exports. Nonetheless, U.S. officials applauded the announcement as a demonstration of "Taiwan's commitment to enhance U.S. export opportunities in its market."

Analysis discerns a newly aggressive strategy in these measures, the aim of which is to remain "out front," as one source said, of U.S. demands.

Taipei has long argued that the opening of its domestic markets will not solve its trade imbalance with the United States. Nonetheless, it now appears to recognize that market-opening measures are as important politically as they are in practical terms.

Taipei is also seeking to strengthen President Ronald Reagan's hand prior to an upcoming round of talks under the Geneva-based General

Agreement on Tariffs and Trade and to soften the tone of trade bills now being considered in Congress.

How effective will Taiwan's change in attitude prove in the coming months? Already the island appears to be moving faster on trade issues than either Japan or South Korea, Washington's other problem spots in the region. But no one, here or abroad, is prepared to predict the future pace of progress, despite the president's recent mandate.

Vested interests, in the government and the private sector, remain strong — a point clearly demonstrated during the lengthy talks Washington held last year on tobacco and alcohol imports. In addition, import duties accounted for 16 percent of government revenues last year, down from almost 25 percent a few years ago but still a percentage widely viewed as too high.

Officials are also concerned about the impact of liberalization on a corporate sector

such as those covering a number of basic infrastructure projects currently being undertaken throughout the island. Companies such as Otis elevator, AT&T and Foster Wheeler have already been awarded such contracts.

The government has also encouraged exporters to begin concentrating more on European markets, where the local dollar is relatively weak despite its strength against the U.S. currency. Last year, exports to Europe shot up almost 60 percent, to \$4.8 billion.

"Who does Washington think will win if we open our markets across the board?" a senior official in the Economics Ministry asked. "Not Americans. So we have to find other solutions."

To balance the problem of Japanese imports with increasing pressure from Washington, Taiwan proposed last September the declaration of the United States and Taiwan as bilateral "free trade zones," an arrangement already enjoyed by Israel. Washington has so far not responded.

At the same time, Taipei is giving U.S. companies priority in large supply contracts,

such as those covering a number of basic infrastructure projects currently being undertaken throughout the island. Companies such as Otis elevator, AT&T and Foster Wheeler have already been awarded such contracts.

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Once again, however, the question is how effective these measures can be in redressing Taiwan's largest imbalance. Many analysts concluded long ago that the United States' deficit with its fourth-largest supplier of manufactured goods can be slowed, perhaps even reduced somewhat — but not eliminated.

PAUL MOONEY is news editor of International Community Radio in Taiwan and the Taipei correspondent of *Newsweek*.

Liberalized Economy Means Less Government Control

By Don Shapiro

TAIPEI — When a large-scale semiconductor operation was established earlier this year as a public-private joint venture, the government made sure that its share of the \$145 million in equity

was reduced from 27.5 percent to 15 percent. The recent disclosure on textile items was included on a list of 862 items, ranging from air conditioners to silk products, for which duties are to be cut by up to 50 percent. Of those items, 61 were part of a group of 66 on which Washington had earlier demanded action.

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PAUL MOONEY is news editor of International Community Radio in Taiwan and the Taipei correspondent of *Newsweek*.

State enterprises have repeatedly come under fire from legislators and editorial writers for waste and inefficiency.

plummeting from as much as 40 percent three decades ago to a current 14 percent, the public operations were crowding out more vibrant private sector companies at the loan windows of state banks.

The effort to reduce the government's role in industry is now receiving impetus from President Chiang Ching-kuo's much publicized plan to "internationalize and liberalize" the economy as a whole.

"Now it's firm government policy to de-emphasize the state enterprises," said K.C. Lee, an official of the Council for Economic Planning and Development. "Giving more op-

portunity to private business should make the whole economy more dynamic."

As an example of the new approach, the state-owned Chinese Petroleum Corp. will soon lose its long-standing monopoly position in both upstream petrochemical production

and gasoline marketing. The government has already granted permission to the private Formosa Plastics Group to build a competing naphtha-cracking plant, and by the end of year the first privately run service stations are due to open.

Preparations to close down two money-losing government-owned metal companies within the next few months provide further evidence of the new pragmatic attitude. The major production facilities of the Taiwan Aluminum Co. and Taiwan Metal Mining Corp. are being shifted to other state companies with better management records.

The disappearance of those two corporations will leave 10 state companies belonging to the Ministry of Economic Affairs. The next step, but still a difficult one for the government to take, is expected to be the denationalization of some of those companies through public sale of stock until the government's share falls below 50 percent.

That step, accepted in principle by top-level decision-makers but not yet shaped into an action plan, has been championed by Wang Yu-yun, the deputy chairman of the government's Commission of National Corporations.

And he doubts that any private investors would currently be interested in the China Shipbuilding Corp. Due to the depressed international shipping market, plus internal management problems, the company is expected to run nearly \$30 million in the red this fiscal year.

DON SHAPIRO is a correspondent in Taipei for *Time* magazine and *McGraw-Hill World News*.

Few Policy Shifts

Continued from page I

tion as "Taipei, China." The decision disappointed many analysts both in and out of government.

"The benefits of remaining an active participant in the Asian Development Bank should be given priority over our concern for names and what they symbolize," said Li Ya-ji, a political scientist at National Taiwan University. "Unless we break through this way of thinking we are limiting our options in the international arena."

Taiwan has been preoccupied with the problem of its formal designation since it left the United Nations in 1971. In effect, this is a symbolic continuation of the civil war, from which neither side has been willing to walk away.

As Beijing has steadily gained recognition in the international community over the past decade, Taipei's constituency has dwindled. It now has formal diplomatic relations with only 23 countries, most of them of minor significance.

At the same time, Taiwan's rising affluence has increased the desire of the island's 19 million residents for an international identity that reflects their economic achievements.

Responding to these pressures, some officials have urged the government to build upon the broad network of unofficial ties it has developed through commercial activity, while also emphasizing Taiwan's presence in international organizations and its participation in sports events and other nonpolitical activities.

Supporters of this pragmatic and flexible approach to foreign policy are concentrated among a rising generation of officials in party and government positions. They are opposed to many of

their seniors who continue to stress ideology and historic identity.

The challenge of generational change is just as apparent in foreign policy as it is in the case of the domestic reforms," one analyst said.

There have been changes that many reformists applaud. The decision to remain in the Asian Development Bank, despite the possibility that Taiwan could, in effect, eventually lead money to the mainland, is one. Another is the participation of a Taiwan team in a girl's basketball tournament held in Moscow last year.

But officials suggest privately that any substantial evolution of the island's foreign policy is likely to be blocked until younger officials assume top positions in the party and government apparatus.

To a great extent, the reform of policy will depend on the pace of domestic change. A structural overhaul of the island's three legislative organs, for instance, is eventually expected to move many lawmakers who enjoy lifetime tenure in them.

In this regard, however, officials are concerned that a more representative political process will lead to proposals for Taiwan's independence, which, in turn, would almost certainly provoke an extreme reaction from Beijing.

"Taiwan has more resources in the international field than it seems to realize," said Mr. Li, of National Taiwan University. "Given our strategic importance and our economic strength, we must allow ourselves to take some calculated risks."

CHEN HAO is a political columnist for the *Taipei-based China Times*.

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| Taipei Auto & Motorcycle Show May 21-25 | Taipei Int'l Rubber & Plastics Show Oct. 21-25 |
| Taipei Int'l Hardware & Building Materials Show May 21-25 | Taipei Int'l Gift, Jewelry & Stationery Autumn Show Nov. 3-7 |
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A Serving Of Big Mac Management

By Bob King

TAIPEI — Just a few years ago, David Sun was a hot new star in the American computer industry. As president of Sun & Fisher System Ltd., a California software consultancy, he counted among his clients such companies as Kaiser Cement and Atari. Then, in 1983, he started his business associates by an abrupt about-face: He moved back to Taiwan and introduced the island to Ronald McDonald.

Mr. Sun's inauguration of the first McDonald's hamburger outlet on Taiwan was an immediate success. For several months, the first outlet on Taipei's prestigious Minsheng East Road set sales records. Mr. Sun's Quanta Foods Ltd. now owns 17 outlets in and around the capital and eight more are under construction.

But success has had its problems, too. From the beginning, Mr. Sun, who was raised in Taiwan, has had to contend with a disgruntled local food industry.

He has had to fend off regular sniping by the local press over such issues as pricing. And he is now hard-pressed by competition from numerous other chains, which owe their presence to Mr. Sun's efforts to open the Taiwan market to foreign fast-food vendors.

These matters aside, though, there is no question that Mr. Sun, who is 40, brought back to Taiwan more than a Big Mac. In fact, he insists that a brief encounter with McDonald's systemized approach to management at "Hamburger University" in Oakbrook, Illinois, back in 1978, opened his eyes to new management styles — styles that are light years away from traditional practices in Taiwan.

Mr. Sun's youngest store manager, for instance, is 23, and manages an outlet that is more than \$2 million a year in sales.

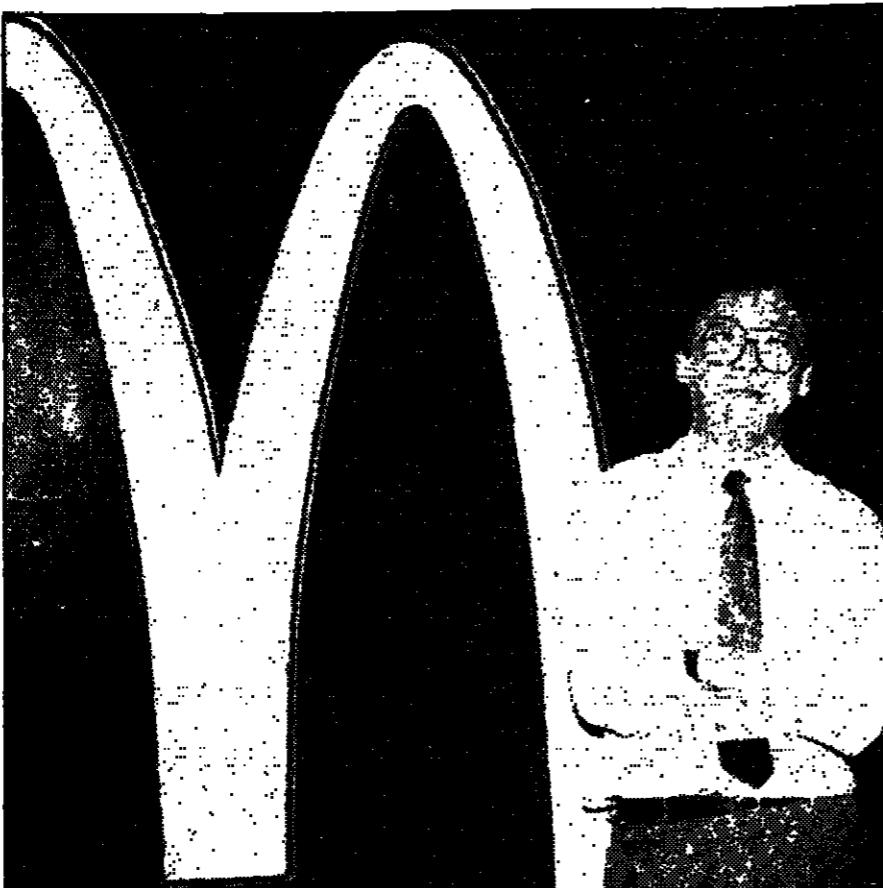
"We train these young people from scratch," Mr. Sun said. "We push the responsibility as far down as possible, and let them make the decisions, because they're the ones who have contact with the customers."

By contrast, typical Taiwanese management styles emphasize central control by one figure, often the head of a family that owns the concern. This central figure makes all the decisions based on information provided by subordinates, who themselves have no overall view.

As elsewhere in East Asia, outmoded management techniques have long hobbled the development of Taiwan's corporate sector.

Mr. Sun sees himself and his associates as "a bridge bringing back management systems to our country."

More than anything else, this attitude reflects a new breed of Taiwanese who, after years of education and work experience in the United States or Europe, are finally returning



David Sun: from computer consultant to hamburger king.

The government hopes that success stories will convince more expatriates to return and contribute their skills.

home in increasing numbers to contribute what they have learned.

About 90 percent of Mr. Sun's top management falls into this category; three vice presidents hold degrees from American universities.

Taiwan is now working hard to attract young entrepreneurs like Mr. Sun and his deputies. According to government statistics, more than 63,000 of Taiwan's best and brightest university graduates went abroad for advanced study from 1971 to 1985, but only slightly more than 11,000 returned.

The return rate for 1986, roughly 25 percent, is encouraging, given a 15-year average of 18 percent, but this still means that three highly-trained Taiwanese remain overseas for every one that returns.

There are many reasons for the brain drain. The most obvious, of course, reflects the widely disparate living standards of Taiwan and the developed countries where expatriate Taiwanese tend to study and settle.

Another is the lack of suitable work assignments in Taiwan for specialized, highly trained Taiwanese emerging from foreign universities. Expatriates develop expectations concerning the quality of life for themselves

BOB KING is the Taipei correspondent of The Financial Times.

and their families that cannot yet be matched by Taiwan.

Many returnees, such as Mr. Sun, have profited greatly from coming home. With their newly acquired approach to problem-solving and a little help from a government happy to have them home, they are able to make the most of whatever they undertake. The government hopes that the success stories will convince more expatriates to return.

"We're in the midst of a transformation to a newly industrializing country, so we need these highly trained people and their resources," said Chiang Chia-hsing, a returnee who now heads the National Youth Commission's overseas Chinese scholars' and students' service center.

To attract expatriate Taiwanese, the center publishes newsletters listing Taiwanese companies seeking highly trained expatriates, as well as the names and qualifications of expatriates who wish to return and are looking for jobs. The center will even pay the air fare home for expatriates and their families willing to give Taiwan a try for at least one year.

Indeed, the largest contributors to export growth last year were simple electronics, sporting goods, wood products and footwear. In all of these sectors, Taiwan is becoming increasingly vulnerable to competitors such as Malaysia.

Test for 'Tennis Shoe' Economy

By Patrick L. Smith

TAIPEI — No one can fail to see the extraordinary pace at which this island economy has progressed in recent years. New symbols of wealth are everywhere apparent — in Taipei's fashionable shopping, its glass-and-concrete office towers and in the rows of luxury apartments that line some city streets.

It is an affluence that would have seemed entirely out of place not long ago. But many visitors now readily compare this still-dusty, still-rag capital to the Tokyo of only a decade back.

Last year seemed exceptional only in the magnitude of the island's advance. Powered, as usual, by a substantial rise in exports, gross national product grew at a rate of 10.8 percent, the economy's best performance in eight years.

Officially, per capita income reached \$3,750 — more than triple the level achieved five years earlier. Given the widely acknowledged problem of undeclared funds, incomes are believed to average half again what government statistics indicate, putting Taiwan ahead of several European countries in terms of individual wealth.

But it is not the island's unrelenting success that holds the attention of most economists these days. Of concern now is the difficult transition Taiwan must make as it approaches the brink of full development.

No less than the island's political institutions, the economy and the policies that have shaped it are at a turning point. Fundamentally at issue is the need for both industrialists and government regulators to adjust fully to the stage of development Taiwan has already achieved.

"The challenge for us now is to change many of the ways we do things," said Liang Kuo-shu, chairman of the government-controlled Chang Hwa commercial bank. "The consequences will be very unfortunate unless we learn to utilize our resources more efficiently."

The evidence of this is now as apparent as the island's prosperity. High import barriers helped push the trade surplus to a record \$15.6 billion last year, an increase of almost 50 percent. Reflecting the government's stringent exchange controls, foreign reserves more than doubled in the year ending in March, to over \$53 billion.

As these developments suggest, many of Taiwan's long-established regulations, introduced in an era when security was a priority over innovation and balanced growth, are now critically distorting the economy.

Equally, political uncertainties and a deep sense of confusion as to Taiwan's future direction have retarded domestic investment and contributed to an overemphasis on low-cost, low-technology production at the expense of industrial advancement.

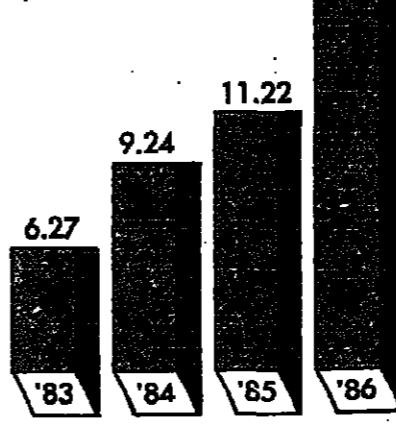
"To many tennis shoes and transistors," a visiting foreign executive said flatly not long ago, "and too few computers and advanced circuits."

Indeed, the largest contributors to export growth last year were simple electronics, sporting goods, wood products and footwear. In all of these sectors, Taiwan is becoming increasingly vulnerable to competitors such as Malaysia.

These near-misses have spurred the government to act more decisively on both the trade and exchange control issues. In addition, the

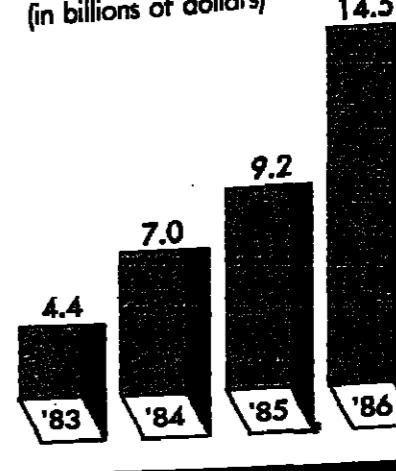
Trade Balance Booms...

(in billions of dollars)



Current Account Follows

(in billions of dollars)



sia, Indonesia, Thailand and China, which many view as the most significant long-term threat of all to traditional export activities.

It is clear why this has come about. Fixed capital formation as a percentage of output has fallen from more than 30 percent at the turn of the decade to a current level of 18 percent. At the same time, the savings rate is now at a record 38 percent of gross national product, many times higher than in most countries at a comparable stage of development.

If the economy is to continue modernizing, economists and other analysts believe, rapid progress in the areas of trade, currency management, finance and investment is now imperative. Related to these issues is a reduction in the island's traditional dependence on exports and a new emphasis on domestic consumption as a source of growth.

President Chiang Ching-kuo signaled official recognition of these structural problems three years ago, when he called for the "internationalization and liberalization" of the economy. Trade barriers were to be dropped, currency controls lifted and Taiwan was to join the Free Trade Commission as an economic presence, if not in political terms.

Until recently, however, progress has been discernible but slow. As a consequence, basic structural problems have now taken on an unexpected immediacy. Everywhere it seems, there is a sense that the time for solutions is short.

Trade friction with the United States has worsened dramatically this year, reflecting another record merchandise surplus in Taiwan's 1986 trade with its largest trading partner.

Related to this, the rapid growth of foreign reserves has caused the money supply to mushroom. An inflationary spiral has been averted only because the Taiwan dollar has been allowed to appreciate and the price of oil, Taiwan's largest import item, has been low.

These near-misses have spurred the government to act more decisively on both the trade and exchange control issues. In addition, the

local dollar has been allowed to continue gaining in value against the U.S. currency since authorities began a controlled revaluation last year.

Taipei is also taking a number of steps to stimulate domestic demand. The national legislature is about to approve a budget that calls for record public spending and assumes the first budget deficit of just over \$2 billion, in more than two decades.

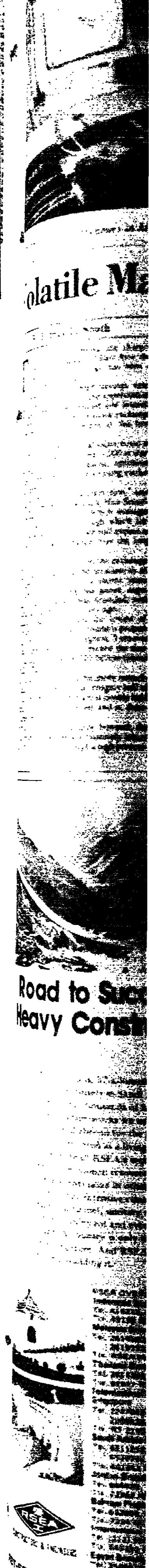
Exports, which jumped 27.6 percent last year, are forecast to rise only 8 percent in real terms, reflecting concern about protectionism and the realignment of the currency. But private consumption is slated to grow by 8 percent, compared with 6.5 percent last year. Overall, the economy is expected to expand by 7.7 percent in real terms.

To help revive domestic investment, the government is moving forward its scheduled outlays on 14 major infrastructure projects around the island, ranging from rail and harbor modernization to new telephone systems and electricity grids. Spending on these projects, on which U.S. suppliers are also being urged to bid, is to total more than \$25 billion through the early 1990s.

Many economists liken the effort to shift toward domestically led growth to the process on which Japan embarked several years ago. They caution, however, that Taiwan's small domestic market and the magnitude of its dependence on exports — they account for 50 percent of output, compared with 20 percent in Japan — mean that the realignment of the economy will be limited.

There are other mitigating factors. Small and medium-sized firms, which account for 70 percent of exports and 70 percent of employment, have long been accustomed to the protection afforded by tariff and nontariff barriers.

Some have already begun to lose competitiveness as a result of the local dollar's appreciation, according to government and private economists.



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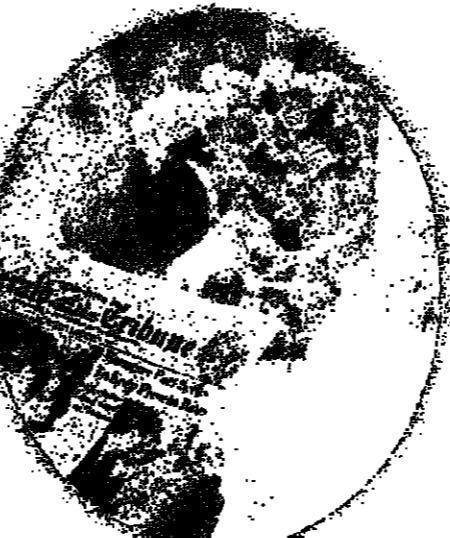
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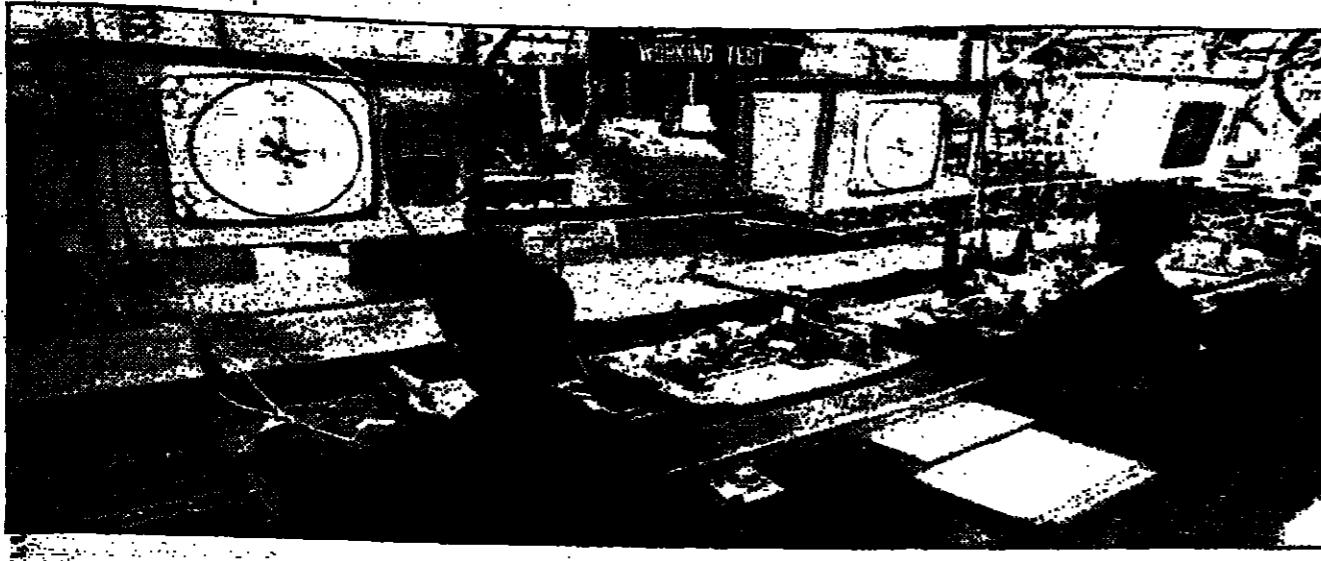
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new breed of entrepreneurs in high-tech companies is helping to modernize attitudes toward investment.

Volatile Market Nets Strong Gains

By Patrick L. Smith

TAIPEI — Even among the sharply rising share markets of East Asia, the Taiwan stock exchange has been a standout this year.

The island's unusually high savings rate, speculative funds attracted by the appreciation of the local currency and record low interest rates combined to drive up the stock exchange index by more than 40 percent in the first quarter of 1987.

At the end of March, the local index stood at 1,405.51, compared with just over 1,000 at start of the year. Despite such gains, optimism about the future of this relatively young market is readily apparent.

"We could well be in for a correction," said David Tsien, president of Kwang Hua Securities Investment & Trust Co., which manages one of four equity funds through which foreigners can invest here. "But we still expect to see a very strong performance over the long term."

With only 130 stocks listed on the exchange, Taiwan's market is among the smallest to attract international attention in recent years. Nonetheless, share trading has grown exponentially since the market was founded, with 18 listings, a quarter of a century ago.

Because brokerage fees are the lowest offered on any exchange, share volume is proportionately among the world's highest. Turnover this year is expected easily to exceed the market's total capitalization of \$20 billion (about \$88 million Taiwan dollars).

This velocity of trading is the more remarkable, analysts assert, given that roughly half of the stock available in the market is closely held by banks and corporate families and is, therefore, rarely traded.

Despite its evident popularity, however, the Taiwan exchange occupies a relatively minor place in the economy. Although a high percent-

age of major corporations are listed, industry is dominated by a multiplicity of companies that are either too small to be listed or uninterested in doing so.

"In this sense, it's hard to buy the Taiwan economy," said Blair C. Pickrell, general manager of Jardine Fleming Taiwan Ltd., "a lot of what counts is simply not made available to investors."

The problem is essentially cultural, reflecting a traditional desire in Asia to keep the control of assets within the corporate founder's family. Like other Asian markets, the Taiwan exchange's role in capital formation is far surpassed by bank borrowings and privately arranged credits.

For the same reason, there has also been a tendency here to list companies only after they have passed their peak. Accounting standards are uneven; corporate disclosure requirements have been difficult to enforce.

As a consequence, Taiwan's market is regarded by the individual investors who dominate it chiefly as a speculative opportunity. Balance sheets, debt and other corporate fundamentals are often ignored; the quality of research available from local analysts is poor.

As a token of the market's unpredictability, the securities and exchange commission maintains a daily limit of 5 percent on stock movements. Trading in a given issue is suspended for the rest of the session once the price moves up or down by that percentage.

Over the past several years, however, the commission has begun trying to improve both the local standing of the market and how it operates. Officials view this as part of a much broader effort to strengthen the island's traditionally weak financial sector.

The commission allowed foreign institutions to invest locally for the first time in 1983. By the end of this year, each of the four funds now established will also operate an adjunct "domestic fund" limited to holders of Taiwan dollars.

Although overseas funds account for a small percentage of total investment, financial regulators also hope the presence of a foreign element in the market will help improve local standards in the fields of research, accounting and broking.

Earlier this year the securities commission took another step in this direction in ruling that broking, underwriting and margin lending, which have been executed by separate firms until now, can be combined under one roof. A package of such revisions is now being debated in the national legislature.

On the supply side of the equation, the government encourages new listings to cut high levels of debt and hasten the pace of capital investment. Listed companies get a reduction of several percentage points from the corporate tax rate of 35 percent; officials also make "promotional visits," as one put it, to companies they think should be listed.

As a result of such efforts, an average of five companies annually have come to the market over the past few years. This year analysts expect 10 to do so.

Natural factors are also coming into play. A new generation of entrepreneurs is helping to modernize prevailing attitudes toward company ownership, management and equity finance. Executives in high-technology fields, where venture capital has played an important role recently, will eventually have to wean themselves from their original backers.

"We're entering a new phase in terms of how we compete internationally," a U.S.-educated executive at a local computer concern said in a recent interview. "What used to be sufficient in terms of capital no longer will be."

Fundamental factors — among them the strength of the economy, low oil prices and a stimulative national budget for the fiscal year beginning July 1 — suggest that the boom in share prices is unlikely to prove a short-lived phenomenon.

Cash Balloon Threatens to Pop

"The buildup in reserves is one reason Taiwan has done so well."

By Bob King

TAIPEI — Imagine, if you will, a country whose banks are unwilling to accept deposits because they cannot find borrowers and where financial authorities have come to limit capital inflows as well as outflows. Imagine this and you have a picture of this island state today.

After years of record trade surpluses, Taiwan is awash with cash. And because the central bank collects almost all foreign-currency earnings and issues Taiwan dollars in exchange, both the money supply and the central bank's reserves have ballooned to levels that could trigger a severe inflationary spiral.

At \$53 billion, Taiwan's reserves are now the world's third largest after those of West Germany and Japan. The inefficient use of surplus capital — and the maintenance of stringent exchange controls years after they could have been safely lifted from an economic point of view — underscore how underdeveloped the island's financial system remains, despite its place as the world's 11th-largest exporter.

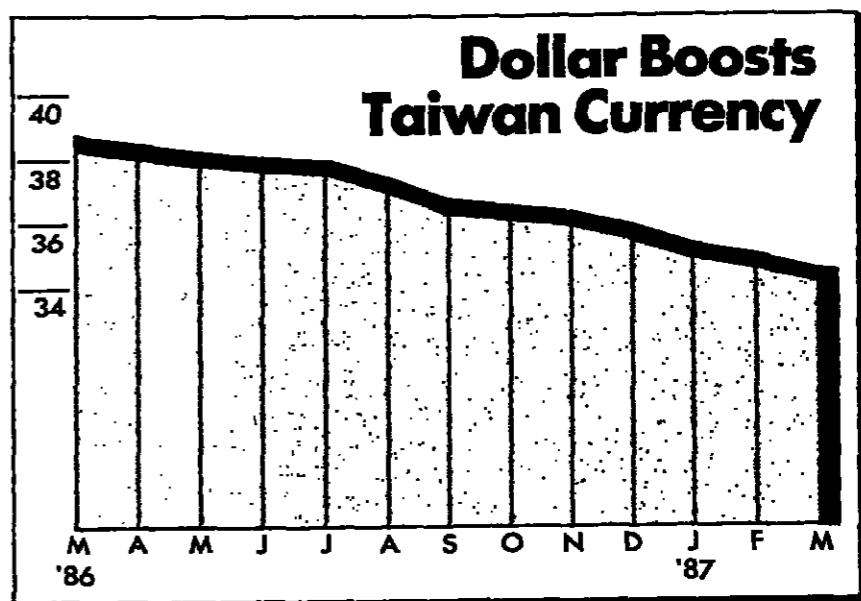
"The buildup in reserves is one reason Taiwan has done so well," said Frederick C. Copeland, Citibank's corporate officer in Taipei. "But now there is an urgent need at the top levels of government for a solution."

The Taiwan dollar's appreciation against the U.S. currency over the past year or so has substantially increased the upward pressure on both reserves and money supply. About \$7 billion in speculative money entered the country last year, according to unofficial estimates. Local banks exchanged \$3 billion of their own reserves during the same period.

The money supply grew by 38 percent last year and is now increasing at a yearly rate of 50 percent. Foreign reserves more than doubled during the year to the end of March; they are now growing at a rate of \$2.5 billion monthly.

For local banks, all of which are either owned outright by the government or have a majority share held by the government, the liquidity problem is worsened because they have grown wary of lending to local companies, many of which offer balance sheets that do not necessarily reflect their true financial positions.

Although any move to lift capital controls is unlikely to be effective until the Taiwan dollar ceases to appreciate, the central bank has argued vigorously in favor of this step in recent months. In addition to acting as the repository of Taiwan's net export earnings, the bank has been buying up to \$250 million daily over the



past year or so to regulate the local currency's rise.

The central bank also issues savings certificates, bonds and treasury bills to reduce the level of local liquidity — buying back, in effect, a portion of the dollar it issues. This operation, known as foreign exchange "sterilization," has cost the central bank almost \$900 million in interest payments over the past 12 months.

More than a year ago, authorities took the first tentative steps toward easing the problem of excess liquidity by allowing local institutions to invest in external funds managed by five domestic banks.

These funds purchase sovereign and bank paper abroad, but they have hardly made a dent in the growth of reserves. Fixed maturity rates have made the funds unattractive, given the risk that must be assumed as to future exchange rate fluctuations.

In early March, the government further eased restrictions on capital outflows and began inhibiting inflows of more than \$10,000 for individuals and \$1 million for businesses. The latter measure led many analysts to conclude that the central bank was "desperate" as one analyst said, to ease the threat of inflation.

Now the government appears to be on the verge of more drastic measures. Late last month, Prime Minister Yu Kuo-hsi instructed the central bank to prepare for the removal of exchange controls altogether.

"We should suspend controls when the trade surplus is too high," Mr. Yu said, while retaining the legal authority to reimpose them "for use in an emergency."

Mr. Yu cautioned that lifting controls would not solve the problem of excessive reserve growth in the short term; rather, he advanced the change as part of a long-term process of financial liberalization.

Despite the tentative tone of Mr. Yu's re-

marks, financial executives believe that their implications are sweeping.

"Although strong barriers on inward remittances may remain, companies and individuals could be free to remit foreign exchange abroad," said one European banker in Taipei. "This will make it much easier for industry to invest overseas."

Reflecting such views, many foreign bank branches in Taipei have recently begun preparing to assume a role in managing large-scale capital outflows. Last month, a number of banks gave a seminar for key individuals and financial institutions to introduce a variety of fund-placement options.

"Almost every big bank has been watching the position of the government regarding foreign investment," said Jacques Savary, general manager in Taipei for Banque Nationale de Paris, which took part in the session.

Such a role would be a welcome addition to the activities of the 33 foreign banks with branches in Taiwan, many of which have been saddled with bad loans in the past. Reflecting heated lending competition and irregular accounting practices, problem loans made by overseas banks peaked at some \$600 million a few years ago.

But regulatory revisions have already begun to improve the positions of foreign banks. The government has dropped restrictions prohibiting foreign banks from doing business in export processing zones — formerly a preserve of local institutions.

It has also permitted foreign banks to expand from one branch to two. Hollandsche Bank-Unic of the Netherlands has already opened a branch in the southern port city of Kaohsiung, where it hopes to tap the trade-finance market.

Citibank has plans to follow suit, concentrating on consumer financing.



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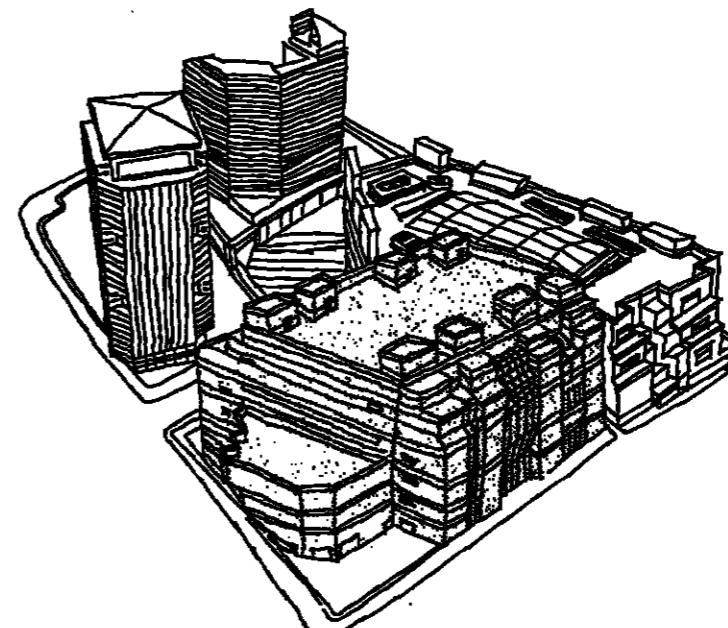
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A Challenge to Kuomintang

Opposition Shakes Up Legislature

By Patrick L. Smith

TAIPEI — Only a few months ago, Taiwan's Legislative Yuan was all but ignored as a body that approved, almost automatically, policies handed down from the Kuomintang government's executive branch.

But since its current session opened in February, the 324-seat chamber has been virtually remade, partly as theater, party as symbol and partly as the venue of the opposition's most direct challenge to the ruling party's authority.

Reflecting the Kuomintang's claim to rule all of China, most of the Yuan's seats are held by nominal representatives of mainland provinces and are therefore not subject to election. As a result, the average age among the Kuomintang majority has climbed steadily over the years and is now about 80.

Before the legislative elections in December, political opponents allied in a loose-knit group known as the "Tangwai," which translates as "outside the party," held half a dozen of the 73 seats open to local balloting.

It is unclear how quickly the Legislative Yuan and Taiwan's other legislative organs, the National Assembly and the Control Yuan, will be restructured as part of President Chiang Ching-kuo's reforms. But the new presence of the Democratic Progressives in the lawmaking Legislative Yuan has already placed the once-sleepy body at the center of the island's rejuvenated political life.

Many of the small protests that are held almost daily in the capital take place in front of the palm-lined drive leading to the Yuan. Galleries are filled to capacity when opposition legislators are scheduled to speak during the twice-weekly sessions.

The Democratic Progressive Party holds 12 seats in the Yuan and 11 of 905 seats in the National Assembly, which elects the president

"This is the first chance the Taiwanese majority has had to break the absolute control of the Kuomintang. We believe we better grab it while we can."

and vice president and is empowered to amend the constitution. It won roughly a quarter of the overall vote in December.

Although it has carefully avoided the long-term question of independence for Taiwan, the tone it has set in Yuan sessions has been openly confrontational.

A fistfight broke out on the first day; symbolically, several members have since spoken only Taiwanese in the chamber, a dialect that is incomprehensible to the Mandarin-speaking mainlanders who dominate the Kuomintang.

"This is the first chance the Taiwanese majority has had to break the absolute control of the Kuomintang," said Kang Ning-hsiang, a leading opposition legislator. "We believe we better grab this chance while we can."

Chief among the issues the party has so far engaged is the national security legislation that is to be implemented when martial law is lifted.

Opponents contend that the bill is far too stringent, making the removal of martial law restrictions little more than a gesture.

"The ruling party is still trying to dominate politics here," Mr. Kang said. "We see the national security bill as one example of how."

Opposition members have also mounted a steady attack on Prime Minister Yu Kuo-hua, at one point even reading the name of an

alleged mistress into the legislative minutes. In part, this reflects the generally low level of the prime minister's popularity.

More important, however, the Democratic Progressives are questioning the established practice by which the prime minister answers directly to the president, instead of the legislature. The underlying issue, they say, is the establishment of rule by law over traditional lines of political authority.

More striking than these issues, however, have been open discussions in the legislature of subjects long considered taboo in Taiwan. Among these is the massacre of about 10,000 Taiwanese shortly after Nationalist troops arrived in force in February 1947.

The event has been a significant factor in the alienation of the island-born majority from the Kuomintang. Several younger Kuomintang legislators were among those who raised it — a token, local commentators say, of the ruling party's new awareness of its need to compete.

"The time has come for us to own up to these things," said Wu Der-mei, a Kuomintang legislator, in urging a government report on the issue. "It's necessary for national unity and for us to have the respect of our people."

Legislators from both parties have also called for the opening of communications links



Students from National Taiwan University demonstrated in March to demand greater student democracy.

with mainland China and a reconsideration of Taiwan's long-standing "three no's" policy toward China, which bars contacts of any kind, negotiations and compromise.

Early in April, a committee of Kuomintang legislators asserted that proposed legislation should be submitted to the Yuan before being reviewed by the party's central standing committee, as it is now. Analysts view this as another part of the broad effort to strengthen the island's political institutions.

It is unclear whether the new opposition party, which has 1,500 charter members, is gaining popularity among Taiwanese who are of Chinese extraction but who arrived in earlier waves of emigration from the mainland. But party leaders are now establishing a network of branches throughout the island.

Nor is it clear what the long-term role of the party will be. Effectively, the Democratic Progressives are assuming the role of a "loyal opposition," although no party official is willing to advance this as the object of the party's effort.

At the moment, the party appears to be developing a division between the organizing cadres who laid the groundwork for the party's formation and the legislators who now represent it.

"They are not very balanced right now," Eugene Chien, a Kuomintang legislator, said of his opponents. "No one has really come to represent all of them yet."

Reforms Loosen Reins on Politics

Continued from page I

pendence by the island-born majority.

There is no indication that Mr. Chiang intends to abandon his historic claims that have been raised to the level of state ideology. While foreign policy has been another area of reform, no change in government's basic posture toward the mainland is expected.

At home, the government has set the acceptance of the constitution, a basic anti-Communist outlook and a rejection of independence as preconditions for its tolerance of opposition activity.

The president is almost certain to have anticipated the resistance to his policies he has encountered over the past year. Apart from the immediate issues he has raised, conservatism and reform have been the poles of Chinese politics for centuries, much as federalism and states' rights are recurrent themes in American political debate.

Equally, there is no certainty that power will not be decentralized once Mr. Chiang passes from the scene. In the government, the military and in industry, many voices have already been raised against the drive to liberalize.

"Politically speaking, we are still a developing country," one Kuomintang member said recently. "Although Western ideas are gaining acceptance, Chinese culture is still the strongest influence. You can't ignore that."

Because many of those opposed to the president are among his longtime allies, Mr. Chiang has sought to avoid a damaging split in the Kuomintang by seeking a consensus over a period of time. Many reforms, including the lifting of martial law, have accordingly been deferred from their original schedule.

At the same time, the president has been steadily replacing old guard leaders in the party and the government bureaucracy. Last year, for instance, he named his half-brother, Chiang Wei-kuo, head of the National Security Council and appointed the first civilian defense minister since he held the post himself in the late 1950s.

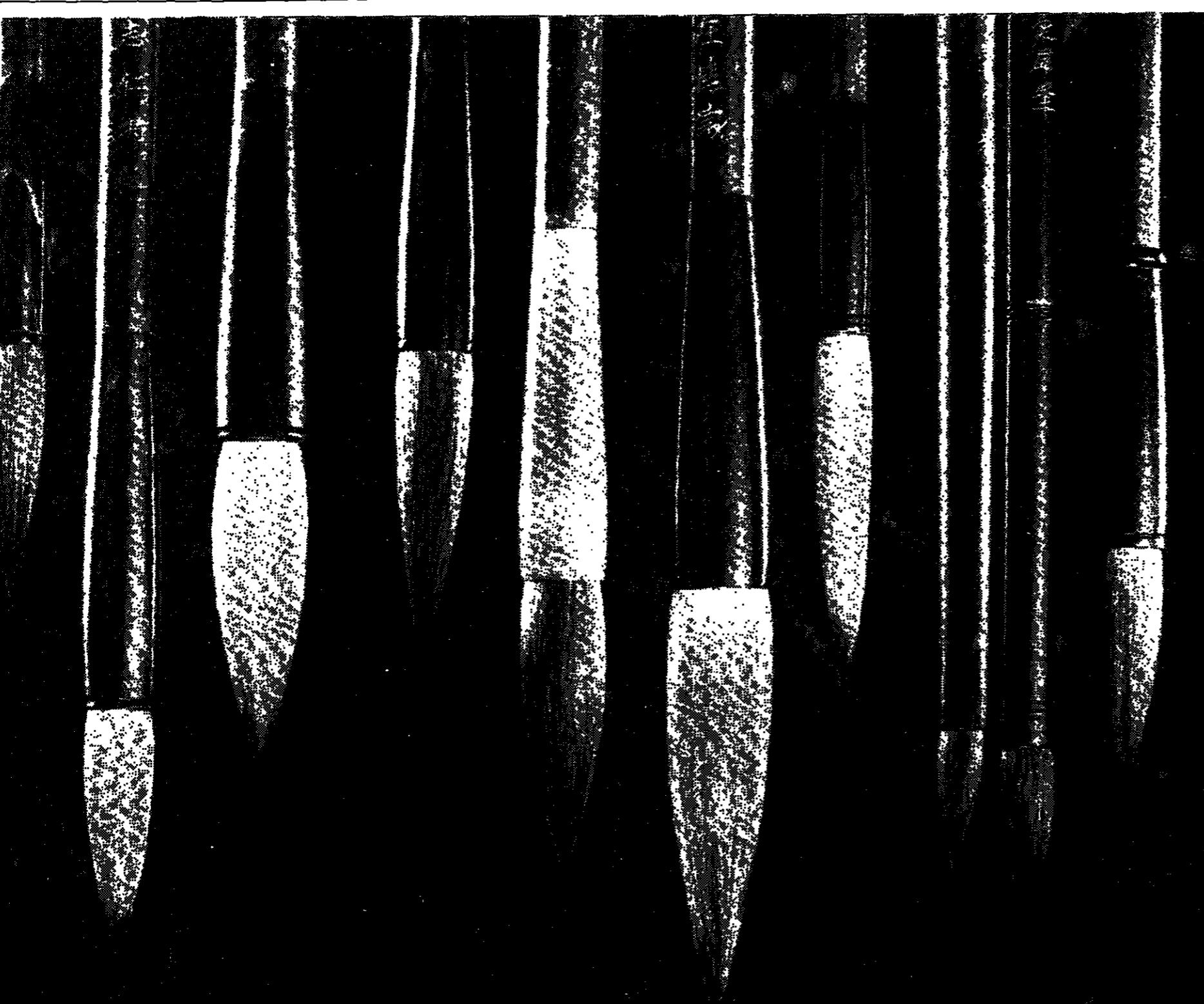
Both appointments were viewed as an effort to isolate the military from the succession process.

Earlier this month, the Kuomintang Central Committee approved an extensive list of cabinet and party changes proposed by the president. Typical of the president's appointments was the replacement of Huang Shao-ku as head of the national judiciary. Mr. Huang has held senior party and government posts since the 1930s, but in recent months he has backed a number of provocative measures taken against the opposition.

Mr. Huang was replaced by Lin Yan-kang, a deputy prime minister, who is native Taiwanese and who enjoys a broad public following.

Many of those promoted, like the president himself, are viewed less as liberals than as "neo-conservatives," as one party member said, who have come to accept the necessity of a degree of democratization in the political system.

PATRICK L. SMITH, a journalist based in Hong Kong, contributes regularly to the International Herald Tribune. He coordinated this Special Report.



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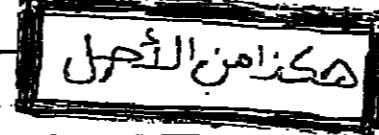
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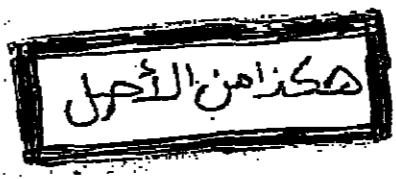
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| Cetus | \$100 | 2002 | 5 1/4 | 100 | 100.00 | Callable at 103 in 1990. Convertible at \$37 per share, a 22.6% premium. Fees 2%. |
| Chugoku Marine Paints | \$ 20 | 1992 | open | 100 | 99.25 | Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set April 27. |
| Comcast | \$ 75 | 2002 | 5 | 100 | 97.25 | Callable at 103 in 1990. Redemable or par in 1994. Convertible at an expected 23 to 27% premium. Fees 2%. |
| Dalton Industries | \$100 | 1992 | open | 100 | 97.00 | Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set April 30. |
| Fujitsu | \$300 | 1992 | open | 100 | 98.00 | Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an indicated 20% premium. Fees 10%. Terms to be set April 27. |
| Gunze | \$100 | 1992 | open | 100 | 97.25 | Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. |
| J. Böhrer & Sons | \$ 25 | 2002 | open | 100 | 98.50 | Coupon indicated at 6 to 6 1/2%. Callable at 101 in 1992. Convertible at an expected 23 to 25% premium. Fees 2%. |
| Marubeni | \$300 | 1992 | open | 100 | 100.50 | Coupon indicated at 2%. Noncallable. Issued in two tranches: \$200 million in Europe and \$100 million in Asia. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set April 27. |
| Mitsubishi Corp. | \$600 | 1992 | open | 100 | 107.88 | Coupon indicated at 10%. Each \$10,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set May 14. |
| Sumitomo Realty & Development | \$500 | 1992 | open | 100 | 106.50 | Coupon indicated at 10%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an indicated 20% premium. Fees 10%. Terms to be set April 27. |
| Suzuki Motor | \$100 | 1992 | 2 | 100 | 91.00 | Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an indicated 20% premium. Fees 2%. Terms to be set April 27. |
| Suzuran | \$ 20 | 1992 | open | 100 | — | Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set May 1. |
| Tateho Chemical Industries | \$ 50 | 1992 | open | 100 | 97.75 | Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set April 30. |
| Toyo Soda Manufacturing | \$150 | 1992 | open | 100 | 100.75 | Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an indicated 20% premium. Fees 2%. Terms to be set April 27. |
| Ultramar | £ 40 | 2002 | 6 | 100 | 100.00 | Callable at 101 in 1992. Redemable at 117.50 in 1992. Convertible at 234 percent per share, a 9.6% premium. Fees 2%. |
| Wates City of London Properties | £ 30 | 1994 | 6% | 100 | — | Noncallable. Each £10,000 bond with 10 five-year warrants exercisable into company's shares at 185 percent per share, a 5% premium. Warrants priced at £165, are redeemable if not exercised. Fees 2%. |
| Life | ECU 40 | 1992 | open | 100 | — | Coupon indicated at 10%. Each ECU 15,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set April 30. |
| WARRENTS | | | | | | |
| Yamazaki Int'l | \$ 10 | 1992 | — | \$81.25 | — | Each warrant exercisable into one million dollars of \$1,012 per ECU. |
| Yamazaki Int'l | \$ 14 | 1994 | — | \$96.13 | — | Each warrant exercisable into one million dollars of \$1,012 per ECU. |

Rates Rise as Prices Marked Down

By H.J. Maidenberg

New York Times Service

NEW YORK — Interest rates resumed their rise Friday as dealers marked down prices of all Treasury securities in what proved to be a largely futile effort to attract investors.

Dealers said the bond market was so demoralized that many of them abandoned their usual practice of buying securities to offset inventories they previously sold short as a hedge against price declines.

The relatively long Treasury bond, the 7 1/2 percent issue of 1966, was offered late in the session at 87

14/32, down 1 24/32, to yield 8.7 percent. At the close of the holiday-shortened previous week, the long bond had been offered at 92 7/32, to yield 8.20 percent.

In Chicago, the spot June Treasury

rate on the one-year bills gained 16 basis points, to 6.41 percent.

The Fed can only control short-term rates, and the belief that the Fed was "smugging" those rates, or firming them just a bit, gained credence after the central bank took no action Friday to reduce the rates by adding reserves directly or indirectly to the banking system.

Partly as a result, the basic lending rate, the cost of overnight loans, had risen to 6.25 percent.

"It was more of the same today," William V. Sullivan Jr., senior vice president at Dean Witter Reynolds Inc., said Friday. "And I don't know how much more we can take."

"Unless policies are implemented quickly to halt the slide in the dollar, which is the pivotal factor in the bond market today, we could see the long bond yielding 9 percent next week, which would really fuel inflationary expectations."

The market was unnerved from the opening because the dollar had fallen below 140 yen in Tokyo earlier. The market's gloom deepened, Mr. Sullivan said, when precious metals prices began to climb.

Another factor unsettling the bond market was mounting concern about the outcome of the Treasury's next mid-quarter refinancing. The terms are to be announced this Wednesday and the auctions of 3-, 10- and 30-year bonds are set for May 4 and 6.

The focus of concern is the degree of participation by Japanese investors, in light of the heightening trade frictions between Washington and Tokyo. Japanese investors said that a trade war involving the leading industrial powers would aggravate the debt crisis by reducing opportunities for Third World countries to expand their economies by increasing exports to the West.

Major industrial powers make a determined effort to achieve higher, noninflationary growth rates, to lower interest rates and to reduce protectionism "through closer macroeconomic policy coordination."

Supervisory banking authorities in creditor countries "facilitate more flexible write-offs of developing-country debt, especially in the United States."

The council noted that "appalling poverty" afflicts a large percentage of the world's population. "Debt servicing cannot be met at the price of suffocating a country's economy" or imposing "privations incompatible with human dignity," the statement said.

DEBT: Ex-Leaders Urge Action

(Continued from first finance page)

In its statement, the council also recommended that:

• Governments of developed countries, banks and international institutions such as the World Bank and the International Monetary Fund expand the flow of funds to developing countries for economic restructuring and expansion.

• Debt relief be granted to Third World countries that have pursued appropriate adjustment policies and that need the money to increase exports.

• Major industrial powers make a determined effort to achieve higher, noninflationary growth rates, to lower interest rates and to reduce protectionism "through closer macroeconomic policy coordination."

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Fecsa Seeks Record-Low Debt Plan

By Carl Gewirtz
International Herald Tribune

PARIS — U ever there was a debt rescheduling program likely to be dismissed out of hand by creditors, it surely is the one being proposed by Fecsa, a privately owned Spanish utility.

Fueras Eléctricas de Cataluña SA, which provides power throughout the Catalonia region and parts of Aragon, last week sent creditors its proposal on how it would like to restructure its foreign debt, which is believed to total around \$1 billion.

Fecsa is proposing that all maturities be extended seven years and that interest be set at 1 1/2 percentage points below the London interbank offered rate for the first three years and 1/2 point over Libor thereafter.

The company is also proposing a grace period of five years, during which only interest would be paid. Repayment of principal would begin in the sixth year.

The lowest borrowing charge banks have granted so far in any of the sovereign loan negotiations was a margin of 13/16 point over Libor to Mexico and Argentina.

If banks accepted a sub-Libor margin for Fecsa, they would set a precedent that the debt-stricken developing countries would surely seek to duplicate.

The bankers' dispute with Fecsa risks turning nasty. Foreign creditors say they were told in a meeting with Spanish government officials in 1984 that the electrical industry's problems were under control. The bankers interpreted the statement to mean that the government would restructure the industry and bail Fecsa out of any trouble. The government's refusal to do so has a

number of banks threatening to boycott business with Spain.

A measure of whether the dispute spills over to all Spanish borrowers may be shown this week when Autopistas Concesionaria Española SA, a private toll-road

front-end for of 6 1/2 basis points.

An earlier loan, carrying a mixed margin of 5, 6 and 7 basis points, had to be pulled from syndication because the low terms found no acceptance, and was taken by the lead managers.

Hokkaido Takushoku Bank of Japan is seeking a \$100 million, five-year credit facility against which it can issue certificates of deposit or request loan advances.

The bank will pay an annual facility fee of 5 basis points. Interest on drawings will be set at 10 basis points, or 1/2 percentage point, over Libor, with front-end fees of 5 basis points.

It's not a question of whether the terms are skimpy," said one London-based banker, "but whether banks are willing to lend" to anyone in Spain while the dispute with Fecsa remains unsettled.

AZKO NV, the Dutch chemicals company, is currently seeking to renegotiate, for the second time, lower terms on a loan originally signed in 1980. Under the direction of Union Bank of Switzerland, the company plans to reduce the size to \$180 million from \$230 million. It is offering to pay an annual facility fee of 12 1/2 basis points over Libor and will be paid a utilization fee of 2 1/2 basis points if more than a third of the line is used and a fee of 5 basis points if more than two-thirds is used. In addition, lead managers will be paid a front-end fee of 10 basis points.

New Zealand announced last week that it had appointed two additional banks, Morgan Guaranty Trust and Swiss Bank Corp., to its \$500 million Euro-CP program, joining Citicorp and Shearson Lehman Brothers as dealers in the program, which now includes a option to sell medium-term notes.

Tension Seen at ADB Session

Reuters

OSAKA, Japan — Delegates from 46 countries will open the 20th meeting of the Asian Development Bank on Monday amid friction over the bank's role in aiding regional development.

Political tensions also will be evident at the three-day meeting. Taiwan, one of the bank's founders, will boycott the meeting for the second time to protest China's admission last year.

A senior ADB official said that China, which recently became the bank's third-largest shareholder after the United States and Japan, would take one of the 12 seats on the bank's board of governors. The Soviet Union will attend the first time.

The official said calls for expanded bank lending were expected from poorer countries in the Asia-Pacific region. The ADB has reduced its role in regional development. Its net transfer of resources, or loan disbursements less repayments by borrowers, fell to \$237 million in 1986 from \$421 million in 1985.

ECUPAR

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE

AVIS AUX ACTIONNAIRES

NASDAQ National Market

OTC Consolidated trading for week ended Friday, April 24

| Sales in | | | | | | | | | | | | | | Sales in | | | | | | | | | | | | | | | | |
|----------|------|----------|-------|----------|----------|----------|-----|----------|------|----------|------|----------|-------|----------|----------|----------|-----|----------|-----|----------|--------|----------|-------|----------|----------|------|------|-------|------|------|
| Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | Sales in | | | | | | |
| Spole In | High | Low | Close | Net | Spole In | High | Low | Close | Net | Spole In | High | Low | Close | Net | Spole In | High | Low | Close | Net | Spole In | High | Low | Close | Net | Spole In | High | Low | Close | Net | |
| Codenol | 1000 | 1000 | 1000 | 1000 | Elexis | 626 | 615 | 610 | 608 | 1000 | 1000 | 1000 | 1000 | 1000 | Goody's | 32 | 35 | 32 | 31 | 1000 | Judys | 16 | 16 | 16 | 16 | 1000 | 1000 | 1000 | 1000 | 1000 |
| Codinol | 25 | 25 | 25 | 25 | EironEl | 974 | 954 | 954 | 954 | 25 | 25 | 25 | 25 | 25 | Gotts | 24 | 22 | 22 | 21 | 25 | Jude | 16 | 16 | 16 | 16 | 25 | 25 | 25 | 25 | 25 |
| Cosur | 1240 | 1240 | 1240 | 1240 | Emulox | 3716 | 716 | 616 | 516 | 1240 | 1240 | 1240 | 1240 | 1240 | GouldP | 76 | 42 | 80 | 80 | 1240 | Justin | 27 | 27 | 27 | 27 | 1240 | 1240 | 1240 | 1240 | 1240 |
| Cogenic | 1179 | 1179 | 1179 | 1179 | Encore | 3871 | 456 | 456 | 456 | 1179 | 1179 | 1179 | 1179 | 1179 | Grano | 76 | 42 | 80 | 80 | 1179 | KLA | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| Cohernt | 2163 | 2163 | 2163 | 2163 | Endra | 1056 | 6 | 1014 | 9 | 2163 | 2163 | 2163 | 2163 | 2163 | GranoCa | 48 | 22 | 7 | 7 | 2163 | KLLM | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColorR | 1103 | 79 | 69 | 74 | vEndr | 1931 | 131 | 131 | 131 | 1103 | 1103 | 1103 | 1103 | 1103 | Grodo | 76 | 42 | 80 | 80 | 1103 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFds | 1177 | 1454 | 1454 | 1454 | Eners | 1000 | 70 | 223 | 1454 | 1177 | 1454 | 1454 | 1454 | 1454 | GrantS | 1000 | 34 | 159 | 144 | 1000 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| Collins | 1744 | 124 | 124 | 124 | EnersCv | 3955 | 37 | 3955 | 37 | 1744 | 124 | 124 | 124 | 124 | Grohri | 76 | 42 | 207 | 207 | 1744 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColAbn | 248 | 37 | 37 | 37 | EnersM | 6144 | 64 | 89 | 89 | 248 | 37 | 37 | 37 | 37 | Grohri | 76 | 42 | 207 | 207 | 248 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| CCBcp A | 248 | 248 | 248 | 248 | EnersM | 1744 | 124 | 124 | 124 | 248 | 248 | 248 | 248 | 248 | Grohri | 76 | 42 | 207 | 207 | 248 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColGe | 152 | 142 | 142 | 142 | EnersM | 142 | 142 | 248 | 248 | 152 | 142 | 142 | 142 | 142 | Grohri | 76 | 42 | 207 | 207 | 152 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColGe | 148 | 131 | 131 | 131 | EnersM | 142 | 142 | 248 | 248 | 148 | 131 | 131 | 131 | 131 | Grohri | 76 | 42 | 207 | 207 | 148 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColLac s | 14 | 14 | 14 | 14 | EnersM | 131 | 131 | 248 | 248 | 14 | 14 | 14 | 14 | 14 | Grohri | 76 | 42 | 207 | 207 | 14 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColNt | 10 | 9 | 9 | 9 | EnersM | 6652 | 134 | 134 | 134 | 10 | 9 | 9 | 9 | 9 | Grohri | 76 | 42 | 207 | 207 | 10 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFds | 10 | 9 | 9 | 9 | EnersM | 131 | 131 | 248 | 248 | 10 | 9 | 9 | 9 | 9 | Grohri | 76 | 42 | 207 | 207 | 10 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColorS | 178 | 13 | 13 | 13 | EnersM | 131 | 131 | 248 | 248 | 178 | 13 | 13 | 13 | 13 | Grohri | 76 | 42 | 207 | 207 | 178 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 180 | 156 | 156 | 156 | EnersM | 131 | 131 | 248 | 248 | 180 | 156 | 156 | 156 | 156 | Grohri | 76 | 42 | 207 | 207 | 180 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 140 | 140 | 140 | 140 | Grohri | 76 | 42 | 207 | 207 | 140 | KLW | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| ColFst | 140 | 140 | 140 | 140 | EnersM | 131 | 131 | 248 | 248 | 140 | 14 | | | | | | | | | | | | | | | | | | | |

1000

\$1.6 Billion Offered for Burlington

United Press International

NEW YORK — Asher B. Edelman, a New York financier, and Dominion Textil Inc. have launched a \$1.6 billion bid for textile giant Burlington Industries Inc.

In making the \$60-a-share bid, Mr. Edelman and the Montreal-based Dominion said Friday that they jointly owned about 7.5 percent of Burlington's shares outstanding.

Burlington, of Greenville, North Carolina, which has annual sales of about \$2.3 billion, declined to comment on the offer.

The company, which employs 43,000, is the biggest U.S. producer of textiles, and also manufactures carpets, upholstery and other fiber products.

On the New York Stock Exchange on Friday, Burlington

closed at \$56.25 a share, up \$1.875 from Thursday.

Dominion Textiles has annual sales of about \$765.9 million. The company's U.S. subsidiary, headquartered in New York, has sales of

\$150 million to \$200 million annually.

Mr. Edelman, a general partner of Plaza Securities Co., made a hostile \$1.8 billion bid last year for Lucky Stores Inc. of Dublin, California.

The move added to his reputation as a corporate raider.

After adopting defensive measures, including reincorporation in Delaware, staggering the terms of its directors and selling off subsidiaries, Lucky agreed in March to settle its differences with Mr. Edelman.

Part of the agreement included paying Mr. Edelman \$2.5 million in out-of-pocket expenses that included litigation and other costs.

In December, Mr. Edelman acquired Ponderosa Inc., a chain of steak and Mexican-style restaurants, for about \$231 million in a friendly agreement.

Court Affirms Texaco Ruling

New York Times Service

DALLAS — A Texas appellate court has rejected a request by Texaco Inc. that it reverse its Feb. 12 decision upholding a trial court's verdict that Texaco unlawfully interfered with Pennzoil Co.'s plan to merge with Getty Oil Co. in 1984.

James W. Kinnear, Texaco's chief executive, said in White Plains, New York, that the company would ask the Texas Supreme Court in Austin to hear its appeal within 30 days.

GUM: Wrigley's Bucks Trend, Relaunches 5-Stick Pack

(Continued from first finance page)

cards, was expanded to five men, who like to call themselves "the team, mean, selling machine."

Mr. Cox, 48, who heads the department, came from Pillsbury in 1978. The four others were recruited from Procter & Gamble.

The department tinkered with the Juicy Fruit and Big Red campaigns to aim these gums at teenagers.

It also improved Wrigley's relationships with its distributors. One common complaint was that Wrigley took too long to issue credit for returns. "Problems like that are mostly gone now," said one distributor.

Wrigley also began to offer what other confectionary companies do: display racks for gum and candies, along with sales data collected from outside marketing services.

Such programs enable store managers to put hot-sellers in the best spot, a rack's top shelf.

At Wrigley's Amurol division, a short-life line does not mean failure. Since the 1970s, Amurol has been a novelty gum operation churning out premium-priced products that can profit from even fleeting popularity. Amurol will not release figures, but analysts estimate 1986 revenues at \$35 million. By itself, it is the fifth-largest gum producer.

"They've got a secret weapon with Amurol," said David S. Lebowitz, an analyst for American Securities in New York. "It can meet almost any fad in the industry."

It was not always that way. For decades, Amurol Products Co. made dietetic mints, fruit drops and chewing gum. But shaking things up at the subsidiary was part



William Wrigley Jr.

of the new marketing emphasis at Wrigley.

Blamo Sugar Free Bubblegum was one of the first new products.

Many others followed, after A.G. Atwater, 43, Wrigley's vice president for advertising, became president of Amurol in 1980.

Mr. Atwater's hits include gum and candies with names like Big League Chew, Cotton Candy Fluffy, Rambo Black Flak, Pink Panther Foot Print and Thumb Suckers.

"We strive for what we call the 'smile factor,'" said Mr. Atwater.

If the retailer grins at our product and picks it up and plays with it, we know we have something."

Before retailers see the latest fad, groups of pre-teens arrive at

Amurol to chomp, chew and blow bubbles with gums like Baffy Taffy and Phoney Baloney.

"The kids are the last stop before something gets rolled out," Mr. Atwater said.

Though Wrigley has brought its marketing department and Amurol into the 1980s, internally the company still operates in much the same manner as it did under its founder, William Wrigley Jr.

Headquarters are spartan. The company carries no debt. Hourly workers are not unionized. Mr. Wrigley talks about "a family atmosphere."

Corporate ranks are lean, less than 200 people, and do not include a public relations staff. William M. Piet, the corporate secretary, draws those duties.

Executives still answer their own phones; the "gum girl" still works her way through the corridors each week to give out samples; shareholders still get boxes of chewing gum every Christmas.

Signs posted in the offices read, "If your name is on the awning, you're obligated to mind the store."

So far, Wrigley is not interested in diversifying, as its major rivals have.

"We're always reviewing our options," said Mr. Wrigley, "but it's important not to neglect what has been successful."

This overall conservatism, analysts say, is what may keep Wrigley from sustaining its latest success.

Spearmint and Doublemint sales are dropping, they note, and smaller gum companies are experimenting with aspartame. Succeeding in such a world might well take more than new marketing muscle and a 25 cent pack of gum.

International Bond Prices

(Continued)

ECU Straights

Issuer Cap Mat Price Yld Cur Yield

Issuer</

SPORTS

2 Top Colts to Miss Derby

New York Times Service

LOUISVILLE, Kentucky — Temperate Sil and Talmum, two of the early favorites, will miss next Saturday's Kentucky Derby because of physical problems, according to their trainers.

Temperate Sil, who won the Santa Anita Derby last month, is suffering from an equine virus that has led to a respiratory infection, Charlie Whittingham said Saturday. He added that the colt "should get over it pretty quick" but would miss too much training to run in the Derby.

Talmum, who won the Flamingo Stakes at Hialeah Feb. 28, went lame in his left foreleg after a morning gallop. Jeff Lukes, who has been handling the colt locally for his father, D. Wayne Lukas, said that "he's not 100 percent, and you don't run a colt in the Derby unless he's 100 percent."

Temperate Sil would have been the second choice on the Derby morning line, according to Mike Battaglia, the Churchill Downs oddsmaker. He also would have been a sentimental favorite because of Whittingham and Bill Shoemaker, his regular rider, who teamed to win last year's Derby with Ferdinand.

Down with the equivalent of the common cold, Temperate Sil is being treated with penicillin and antibiotics. Whittingham said the local climate, which has ranged recently from snowy to sweltering, may have contributed to the situation.

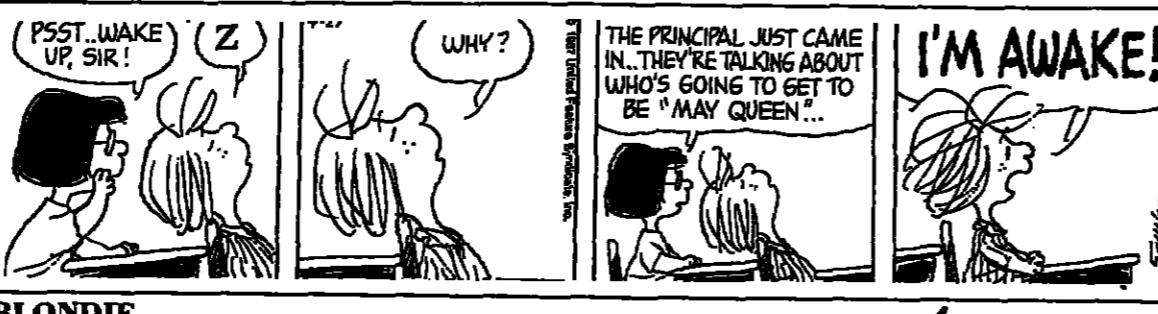
Talmum's injury showed up suddenly Saturday morning after he returned from a routine gallop, walked under the shedrow for about 10 minutes and then was washed down. A groom finished drying off the son of Alydar, threw a blanket over him and led him back into the stable to walk another 30 minutes. After two steps, Talmum looked as if he were sinking into quicksand. He stumbled twice then limped as he continued around the shedrow.

The likely Derby field now comprises Demons Begone, Cryptoclearance, Gulch, Bet Twice, Capote, War, Leo Castelli, Alysheba, Masterful Advocate, Shawklit Won, Momentum, Candy's Gold and Templar Hill. On the Line and No More Flowers are possible additions.

Solution to Friday's Puzzle



PEANUTS



Gardner, Forsman Leads U.S. Golf by 2

THE WOODLANDS, Texas — (UPI) — Buddy Gardner, who has never won on the PGA Tour, shot a 5-under-par 67 Saturday to tie Dan Forsman for the lead after three rounds of the Houston Open golf tournament.

Gardner and Forsman (a 68) are at 10-under 206 and have a two-stroke lead over second-round leader Wayne Levi (71) and Nick Price (68).

At 209 were first-round co-leader Dave Barr, Jay Haas, Aki Omachi and Jack Rennier, all of whom shot 71, and Mike McCullough (a 70).

Harper Errs Again, Mavericks Lose Again

NBA PLAYOFFS

They got it into play and Dale Ellis, who played for Dallas last season, was flattened by Sam Perkins as he attempted to shoot with two seconds left. Ellis made both free throws, and the Sonics had a big victory, because the series' next two games will be played at Seattle.

In the fourth game of the 1984 playoffs, with the score tied at 110, the Mavericks had the ball with four seconds left and a chance to win.

But Harper took a step along the sideline before throwing the ball inbounds, and the traveling violation gave the ball to the SuperSonics.

point ahead — dribbled out the clock for the last seven seconds. But the score was tied, 108-108, and the Lakers won in overtime to take a 3-1 lead, then went on to win the series.

Ellis's two free throws in the clutch completed a performance that included 32 points, six rebounds (five on the offensive boards) and six assists.

Lakers 139, Sonics 127: In Inglewood, California, Denver attempted to play a more physical game and wound up sending the Lakers to the foul line 55 times. The 49 free throws they made broke a team playoff record set in 1970, and were the most in a season NBA game since 1956.

The Lakers, who have won 11 straight opening-round playoff games dating from 1984, can wrap up the series Wednesday night in Denver.

Jazz 103, Warriors 100: In Salt Lake City, Darrell Griffith scored 14 of his 25 points in the fourth quarter as Utah rallied to take a 2-0 series lead over Golden State.

Joe Barry Carroll led a spirited rally that gave the Warriors their first lead, 92-90, with six minutes to play. But Carroll, who had 22 points, fouled out with 3:35 left. Then Griffith, breaking free with a behind-the-back dribble, made a lay-up with 37 seconds as the Jazz regained the lead for good.

Karl Malone finished off Golden State with a dunk with seven seconds left. At the finish, he and several Warriors were engaged in a shooting match.

Rockets 125, Trail Blazers 115: Friday night, in Portland, Oregon, Akem Olijuwu had 30 points, 10 rebounds and 5 blocked shots while Ralph Sampson, still recovering from a knee injury, scored 23.

(LAT, UPI, AP)

Indiana's Clint Richardson sent Glenn Rivers of Atlanta flying in Friday's early going. Taking a gentle fall of his own didn't wash with the refs; Richardson was whistled for a foul.

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

The Amsterdam stock exchange failed in four sessions last week to regain the optimism note on which it closed the previous week.

The weakness was blamed on a trade dispute between the United States and Japan and on the dollar's instability. On Wednesday, prices advanced unevenly despite a surge on Wall Street, and the trend turned markedly weaker later in the week, also in line with New York.

The ANP-CBS general index, which registered 284.4 on Tuesday, the first day of trading after the Easter weekend, finished the week at 284, compared with the previous week's close of 286. Volume was 3,511 billion florins, down from 4,482 billion the previous week.

Frankfurt

Trading on the Frankfurt exchange last week was listless and irregular, largely in response to the weaker dollar.

The Commerzbank index slipped 6.2 points to 1,803.7. Volume in the shortened week came to 11,730 billion Deutsche marks, down from 12,420 billion the previous week.

With the exception of Daimler-Benz, which fell 25.50 DM to 988, automobiles were well supported. BMW moved up 20 DM to 560 and Volkswagen rose 3.50 to 348 DM.

In the energy section, Preussag lost 14 DM to finish at 156. Linde, in capital goods, gained 19 to reach 699. Apart from Hoechst, which moved up 2.90 DM, chemicals were weaker. Banks lost ground, with Commerzbank down 12.50 DM, Dresden of 13.50 and Deutsche Bank off 18.70.

Hong Kong

The local market continued to slide over the week in slack trading, with the Hang Seng Index shedding 13.51 points to close at 2,707.61 points Friday.

The more broadly based Hong Kong Index lost 7.54 points to end the week at 1,742.57 points. The market, which was closed Monday because of the Easter holiday, fluctuated throughout the week with no clear trading pattern. The trend is likely to continue this week, dealers said.

Average daily volume was a thin 495 million Hong Kong dollars, down from 711 million dollars the previous week.

Of the leading stocks, Cathay Pacific was down 10 cents; Cheung Kong, up 75 cents; and China Light, down 50 cents.

A CAC reading for Friday was not possible because of a computer breakdown, but analysts detected a modest decline.

Singapore

Investors went on a buying spree at the end of the week, setting aside hesitation that stemmed from elections within Malaysia's dominant political party.

The Asian Development Bank's forecast of 5 percent growth for Singapore's economy in 1987 also contributed to buying interest, which was focused largely on local blue chips and Malaysian speculative counters.

Profit-taking was well absorbed and the Straits Times industrial index broke its previous record of 1,104.35 set on April 13 by touching 1,139.64 Thursday on record volume of 62.6 million units.

Turnover for the week rose 48.5 percent to 24.8 million units while value almost doubled to 501 million Singapore dollars. The Arab Malaysia Development Bank, in financials, topped the list of active stocks with a turnover of 10.35 million units, followed by Straits Steamship with 10.20 million shares.

Tokyo

Share prices were mixed in erratic trading on the Tokyo stock market last week. The Nikkei average topped the 24,000-yen mark Wednesday for the first time, but fell back as bearishness predominated Friday and Saturday.

The 225-stock Nikkei average closed Saturday at 23,903.73 yen, a decline of 35.35 yen from the previous week. The wider TSE index fell 42.99 points to 2,128.98.

The market got off to a mixed start Monday and Tuesday as investors became wary of recent record-breaking advances. But it turned bullish Wednesday and Thursday after an advance on Wall Street and amid anticipation of a further cut in Japanese interest rates.

Profit-taking prevailed Friday. Many export-oriented issues declined as the U.S. dollar dipped below the important barrier of 140 yen, and the trend persisted Saturday.

Some analysts said the market had soared to a precariously high level and would enter an adjustment period this week. Others saw more advances as institutional investors took surplus funds out of U.S. bonds and placed them in Tokyo.

Zurich

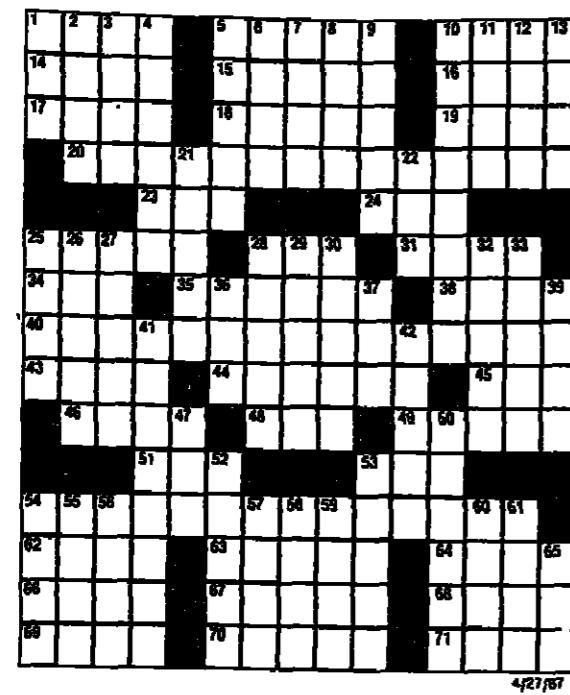
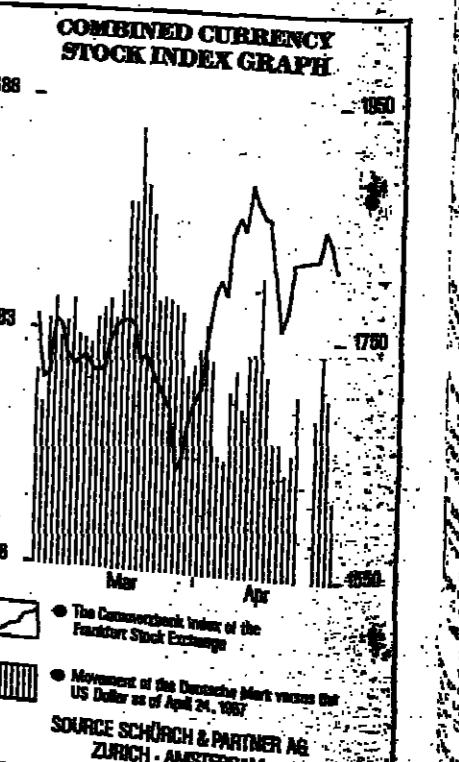
Sentiment was depressed on the Zurich stock exchange last week, with the CsxS index falling to 530.6 from 533.5.

Analysts said that the trend was not likely to improve this week, when there will be only three trading sessions because of holidays.

Many foreign investors, notably those managing British portfolios, sold actively last week, particularly in the banking section.

Among banks, Union Bank of Switzerland fell 200 Swiss francs to 4,575. In the finance section, Electrowatt was off 30 at 3,620. Among insurance firms, Compagnie de Reassurance's nominal shares fell 75 francs to 7,225 while Zurich nominal shares rose 50 to 11,500.

In chemicals, Ciba-Geigy's bearer shares dropped 100 francs to 3,350, while Sandoz bearer shares gained 150 to end at 11,500.

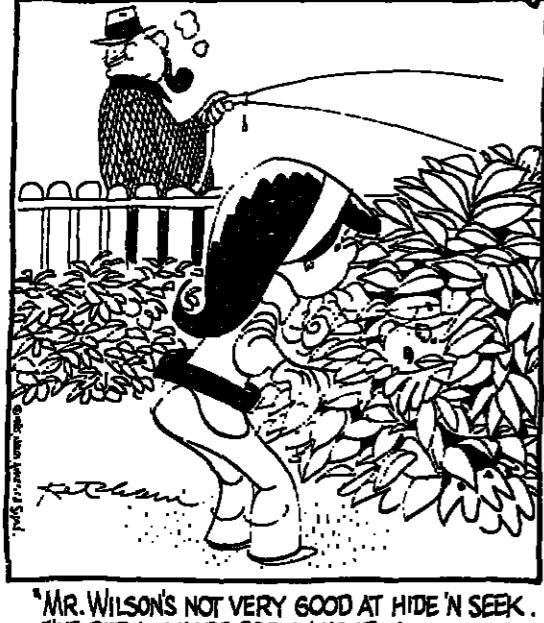


ACROSS
1. Auricular
5. Take away
10. Réunion et al.
14. "Abide—
Me," noted
hyphen
15. Vex
16. Get stuck in a
way
17. Suffit with
depend
18. Made of a
cereal
19. Nuisance
20. Symbol of high
authority
23. But to Virgil
24. Suffit with
muske
25. Measures of
length
28. Eleventh-
century date
31. "Timetable
—"
34. Datable
abbr.
35. Dyes
38. Cupid, to
Athena
40. Symbol of
treachery
43. South
American monkey
44. Cain
45. Stage scene
46. Times after
sunsets, to
poets

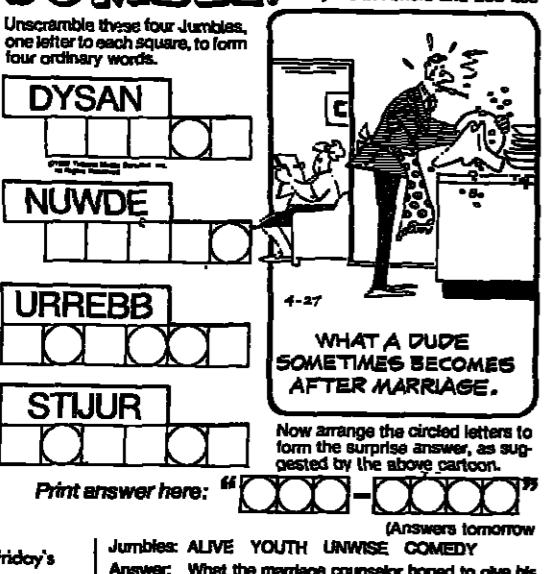
DOWN
1. Be under
obligation
2. Light coloring
3. Years
4. Partner of
crackers
5. Tolerated
6. Race
7. Words of
disgust
8. Expression of
understanding
9. "Honk soot qui
maly
10. International
dealer
11. Stead

C New York Times, edited by Eugene Malecki.

DENNIS THE MENACE



JUMBLE THAT SCRABBLE WORD GAME
Unscramble these four jumbles, one letter to each square, to form four ordinary words.



Print answer here: " **DYSAN** **NUWDE** **URREBB** **STIJUR**"
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Friday's Jumble: ALIVE YOUTH UNWISE COMEDY
Answer: What the married couple hoped to give his clients — A GOOD "WED-UCATION"

EUROPE HIGH LOW
C 25 25
F 25 25
G 25 25
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B 25 25
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ASIA HIGH LOW
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AFRICA HIGH LOW
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LATIN AMERICA HIGH LOW
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NORTH AMERICA HIGH LOW
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MIDDLE EAST HIGH LOW
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ASIA HIGH LOW
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AFRICA HIGH LOW
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Dirk Bogarde's Closed Book

By Suzanne Lowry

International Herald Tribune

PARIS — Dirk Bogarde seems the quintessential English gentleman in exile. Elegant, ironic, courteous, at home in civilized surroundings, pained but patient in those that are less so — a quiet perfectionist, with a habit of discreet good living, and shrugging self-deprecation if *Too Much Fuss Is Made*.

He is also one of the finest actors of his time. He has made more than 60 films. He paints. He is a successful writer, of three novels and four volumes of autobiography.

But his most recent, "Backcloth" (published in Britain by Viking), is firmly labeled as his last: he has, even more finally, sold his Provencal retreat and, at 66, loosened himself out to the property market and the general tide of fortune again. Closed the book of fortune again. Closed the book of the door on himself, so to speak.

A temporary base camp is amid the old-fashioned comfort of the Hotel Lancastrian in Paris. "The English come here because they feel safe," The concierge speaks English, he said wryly, carefully choosing to be interviewed in a rather grand vacante suite, well away from English-hearing ears and peering eyes. He is surprised that so many "filius" people choose to conduct their "publicity" in public.

To call Bogarde well-preserved would probably make him wince and raise an oft-raised eyebrow, but he is curiously unaged — slim, neat and well-dressed in an understated, careful way. Door and book shut, he was off to Britain where he is making a television film. In between times, he is writing a novel in his hotel room, a style of life that does not suit him.

But he will find a new home, in Paris, he will work on other books, films. His looking back has all been done, contained and made sense of, something that made moving on possible. He has even made a bonfire of the letters and diaries on which his recollections were based.

The quartet of books recall, in a crisscross pattern of time and events, an idyllic Winnie-the-Pooh style childhood in rural Sussex; a colorless, toughening ado-



Jonathan Player

windows." And there was a last, joyous summer there.

He has no urge to return to England to live. "I don't think I could bear to; so much has changed." When he does go, as now, to work he stays safely in the Coursaught, a fragment of the once and future English world he mourns and, in his way, represents.

The "work" this time is for the BBC, an "irresistible" script, co-starring Lee Remick and Elizabeth Atkins. It is called "A Vision," and is the story of an American takeover of Europe by satellite television, under the veneer of one of those funny American religions, like the Moonies or the Navigators, or whatever. The plan is to bring nuclear war to Europe. I play a kind of failed James Cameron [the late British writer and foreign correspondent] character, who is used because he has credibility with the public. But he is not credible. They pay tuppence of course, no pennies, can't waste the taxpayers' money."

You know, we tend to think we can die where we are because it is so beautiful; but life does not allow us to do that. At least I sold it to people who want to keep it as it is. I didn't have to have the English, stomping through, saying 'Oh, there's no swimming pool, and 'Does the septic tank work?' Or pluming plate glass

al, but published and sold on his merit not just on his "name." He does not lay bare his soul, nor his sex life, nor those of others.

All the talk of shells and order and obsession may make him sound somehow mean, but reading the books, and listening to him talk, show that, within his charmed circle of friends and family and colleagues, lurks an extraordinarily generous spirit. He just can't help being defensive, even a little bitter, about the dangerous and deteriorating world outside. If the portraits of his nearest and dearest, of his beautiful, stay mother, of Judy Garland, Norah Smulwood the publisher and others, are fulsome, he remains self-effacing in his own self-preoccupation. The last two dustjackets of his autobiographies have even featured photographs of him, back to the camera. His little joke — which was also once Visconti's, when he apologized to Bogarde for the fierce cutting of "The Damned," the first film they made together: "We see very much of you back, Bogarde." In almost the same breath Visconti offered him "Death in Venice."

England had rejected him when he tried growing up, moving on to a more serious oeuvre, notably with Joseph Losey, notably in films such as "The Servant" and "Accident." His swooning British audience balked, as did the stu-



Actor, novelist, autobiographer Dirk Bogarde, and, above, his sketch of the farm in Provence.

dios of which he had been the starlet-sun, and he simply cleared off to Europe to work. With Visconti, Resnais, Fassbinder, Liliam Cavani.

But he claims to have had far more success from his books than his films, a far bigger seller. "I never knew books traveled so far. I get letters from the desert, from Brunei, everywhere. And they are really intelligent, literate letters; people identify with what I have written and then write me about their own lives."

Movie adulmentation was very different, and the matinee idol image dogged him long after he had started playing "those" parts. Certain latter-day fans would stop at nothing, even pilgrimage up the steep track to his house to pay homage. "Ladies used to arrive in see-through black chiffon blouses and high-heeled shoes. They'd perhaps send a little card from Nice, saying, 'I took like Gina Lollobrigida.' Or Sophia Loren. They didn't. Feet bleeding, covered in scat. One said she had crossed five frontiers to reach me, in a flowing white robe, with a kind of embroidered Hungarian bit at the front, red hair, boots, declaiming poetry on my terrace." Bogarde called these visitors his "folks," and hid when he could.

He is both rueful about, and proud of, his past film career, and sternly uncompromising about its future. He would *adore* to make another "big" film, but he will not play small job. He accepted the BBC job because it was a large, leading part and a good script.

"At my age you tend to get offered somebody's grandfather or neurotic stepfather, and I think I can do more than that." But he is not made together: "We see very much of you back, Bogarde." In almost the same breath Visconti offered him "Death in Venice."

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wildly optimistic, to put it mildly. "So many of the scripts are sent from the very young . . . students, novice directors who admire me as an actor and go reverent. The French are so pretentious, and the Italians. I write and say, look, try and remember, film is a visual art. You don't need all this dialogue, polemics and poetry. Who's going to sit and look at it, or listen to it? You can't be Rambo all the time, but really . . . And, of course, one is death in America. I have only ever made non-commercial movies." He apes the voice of "The Money," and says that Warner Brothers claims "Death in Venice" is still out of profit. He was only paid £12,000 for it, Visconti nothing.

His last film was in America, in 1981, with Glenda Jackson, variously titled "The Patricia Neal Story" and "The Miracle of Story." It had rave reviews, but lost out on the television ratings to "Hart to Hart," and bombed in the cinema. He hasn't been fully paid for that yet either.

He no longer thinks anything of the British film industry, because, he says, there is nothing there to think of. (He does not count the Merchant-Ivory films as British.) But he will do more, any more, than at the time of his last great upheaval, give up on his own standards and ideas of quality. That was the word Tony Forwood used when he spotted the unknown Derek de la Rose in early 1940s rep, and asked if he might represent him after the war.

"You have a Quality," Forwood said, as they shook hands to seal the only formal contract they have ever had.

LANGUAGE

A Taste of Allusion

By William Safire

WASHINGTON — Thomas B. Morgan is a classy writer. His new novel, "Snyder," is about a crusty magazine writer's confrontation with the peace movement in the mid-1960s and critics will hail it for all the right reasons, but I know he is a classy writer because he makes a poetic allusion the way it ought to be done — cold turkey, no hints, and if the reader gets it, fine; if not, not.

"But then, there was Snyder still at it," he writes of his hero, plugging away on the front lines of the magazine craft, "when long since he could have been managing editor, or exec . . . Who says Buffalo Bill's defunct?"

I got it. The allusion is to "Portraits," by e.e. cummings:

*Buffalo Bill's
defunct
who used to
ride a water-smooth-silver
stallion
and break one-to-three-four-five
pigmeat-like-his*

Edward Estlin Cummings, who decapitalized his name, conjured that image in 1923 of a hero who defied mortality, and its use in Morgan's 1987 novel is perfect.

That is a poetic allusion. It is not a specific citation, but a seemingly offhand pass at an image created by another, directed by a literate writer to a literate reader.

The best newspaper columnists do it all the time. In a piece about the poet Gene McCarthy, James J. Kilpatrick wrote, seemingly in passing, "Along the meandering way through these remembrances of times past," No accident: the allusion is not merely to Marcel Proust's memoirs, translated into English as "Remembrance of Things Past," but to the source of that title in Shakespeare's Sonnet 30:

*What of soul was left, I wonder
when the kissing had to stop?
Some say in ice.
From what I've tasted of desire
I hold with those who favor fire.
But . . . for destruction's sake
Is also great.
And would suffice.*

A familiarity with poetry undergirds the work of many good writers today, and pops up in the most unexpected places, as underground language to lovers send secret messages to kindred spirits. You thought allusion was dead, or limited to literary elitists creeping around their combined corner? How do you like your blue-eyed boy Mister Death?

New York Times Service

When to the sessions of sweet silent
thought
I summon up remembrance of things
past.

In the same way, William F. Buckley opined, "The Reagan administration has miles to go before it sleeps." That, of course, is an allusion to the familiar line in Robert Frost's "Stopping by Woods on a Snowy Evening," and can be paraphrased with impunity, however, when Massachusetts Governor

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